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PORT OF SAN FRANCISCO

NOTICE OF CANCELLED MEETING

Agenda

The following Regular Port Commission Meeting has been cancelled:

OCTOBER 14, 2003 @ 3 P.M.

The next Regular Port Commission Meeting is scheduled on:

OCTOBER 28, 2003 @ 3 P.M.

in the Port Commission Hearing Room
Second Floor, Ferry Building

San Francisco Port Commission
Pier 1, San Francisco, CA 94111
(415) 274-0406

OCTOBER/NOVEMBER 2003
CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
October 14 (Cancelled)	3:00 p.m.	Port Commission	Port Commission Room @ the Ferry Building August
October 28	3:00 p.m.	Port Commission	Port Commission Room @ the Ferry Building
November 18	3:00 p.m.	Port Commission	Port Commission Room @ the Ferry Building

NOTES:

The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 3:00 p.m., unless otherwise noticed. Contact Amy Quesada at 274-0406. ***The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com.***

The Brannan Street Wharf Citizens Advisory Committee meets on an as-needed basis to develop a concept plan for this planned open space in the South Beach area. Meetings are held in the Bayside Conference Room at Pier 1. Contact Person: Dan Hodapp @ 274-0625 or dan_hodapp@sfport.com

The Cruise Terminal Environmental Advisory Committee's first meeting will be September 25 at 10 a.m. in the Bayside Conference Room at Pier 1. Contact Person: John Doll (regular schedule to be determined)

The Environmental Quality Advisory Committee (EQAC) meets regularly on the fourth Thursday of the month at 9:00 a.m. at Scoma's Restaurant, Pier 47 @ Fisherman's Wharf. Contact Jay Ach @ 274-0562.

The Fisherman's Wharf Waterfront Advisory Group meets regularly on the 3rd Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Kirk Bennett @ 274-0545.

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jill Rodby @ 274-0519.

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The Northeast Waterfront Advisory Group meets regularly on the 1st Wednesday of the month at 4:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Kirk Bennett @ 274-0545.

The Pier 70 Advisory Group meets monthly on an as-needed basis generally on the 2nd Wednesday of the month from 4 to 6 p.m. at the Potrero Campus of the California College of Arts and Crafts, Board Room, 1111 – 8th Street between Irvin and Hooper. Contact Mark Paez @ 705-8674.

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The Southern Waterfront Advisory Committee (SWAC) meets every 1st Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david_beaupre@sfport.com.

The Waterfront Design Advisory Committee meets the 3rd Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conference Room @ Pier 1. Contact Dan Hodapp @ 274-0625.

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C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

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Know Your Rights Under the Sunshine Ordinance. Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Donna Hall by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102, by phone at (415) 554-7724, by fax at (415) 554-7854 or by email at Donna.Hall@sfgov.org. Citizens may obtain a free copy of the Sunshine Ordinance by contacting Ms. Hall or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at http://www.sfgov.org/sunshine.htm

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OCT 23 2003

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PORT COMMISSION

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REGULAR MEETING
3:00 P.M., TUESDAY, OCTOBER 28, 2003
PORT COMMISSION HEARING ROOM, 2ND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com.

AGENDA

1. **ROLL CALL**

2. **APPROVAL OF MINUTES** - September 23, 2003 Regular Meeting

3. **EXECUTIVE**

   A. Executive Director's Report
   - National Trust for Historic Preservation Award(s) received for Ferry Building Project
   - San Francisco Beautiful Award for Mid-Embarcadero, Farmer's Market, Rincon Park and South Beach Children's Playground, and Cargo Way/Bayview Gateway

4. **REAL ESTATE**

   A. Request for adoption of Final Mitigated Negative Declaration, approval of Schematic Drawings and approval of Lease No. L-13550 with Boudin Properties, Inc. for the development of a Full Service Restaurant/Bakery/Market Hall at 160 Jefferson Street (SWL 301). (Resolution No. 03-65)

5. **PLANNING AND DEVELOPMENT**

   A. Request for approval of a Brannan Street Wharf Agreement between the Port and the Bay Conservation and Development Commission regarding the Port's obligations for the funding, design and construction of the Brannan Street Wharf. (Resolution No. 03-66)

   B. Request for approval and ratification of applications for grant funds totaling $600,000 from the State Department of Parks and Recreation from the Recreational Trails Program (Resolution No. 03-67) and the Murray-Hayden Program (Resolution No. 03-68) for the Pier 14 Public Pier Project, and authorization to accept and expend those grant funds.

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6. ADMINISTRATIVE SERVICES

A. Request for approval of the Revisions to the Fiscal Year 2003/2004 Operating Budget. (Resolution No. 03-64)

7. NEW BUSINESS/PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any questions regarding the agenda, please contact the Commission Secretary at 274-0406.

8. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER (Discussion Item)

a. Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (1 case) (As Plaintiff)

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative. *

a. Property: Foreign Trade Zone Piers 19/23
Person Negotiating: Port: Douglas Wong, Executive Director
*Big C Traders: Raymond Lynch

Under Negotiation: _____Price _____Terms of Payment ___X___ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 19/23.

b. Property: Pier 9
Person Negotiating: Port: Ken Winters, Director of Real Estate
*Pacific Marine Yacht Charters, LLC (Signature Yachts): Garrett O'Doherty

Under Negotiation: _____Price _____Terms of Payment ___X___ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 9.

c. Property: Pier 43-½, Franciscan Restaurant
Person Negotiating: Port: Ken Winters, Director of Real Estate
*Franciscan Restaurant: Kevin Westlye

Under Negotiation: _____Price _____Terms of Payment ___X___ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 43-½.

d. Property: Seawall Lot 322-I
Person Negotiating: Port: Ken Winters, Director of Real Estate
*San Francisco Parking: Timothy Leonoudakis

Under Negotiation: _____Price _____Terms of Payment ___X___ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at SWL 322-I.

9. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

10. ADJOURNMENT

OCTOBER/NOVEMBER/DECEMBER 2003
CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
October 28	**3:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**
November 18	**3:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**
December 9	**3:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**

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PORT OF SAN FRANCISCO

MEMORANDUM

October 22, 2003

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Michaela Alioto-Pier
Hon. Sue Bierman
Hon. Wilfred Hsu

FROM: Douglas F. Wong
Executive Director

SUBJECT: Adoption of Final Mitigated Negative Declaration, Approval of Schematic Drawings and Approval of Lease No. L-13550 with Boudin Properties, Inc. for the Development of a Full Service Restaurant/Bakery/Market Hall at 160 Jefferson Street (Seawall Lot 301).

DIRECTOR'S RECOMMENDATION: ADOPT THE FINAL MITIGATED NEGATIVE DECLARATION, APPROVE THE SCHEMATIC DRAWINGS AND APPROVE LEASE NO. L-13550 WITH BOUDIN PROPERTIES, INC.

SUMMARY

Boudin Bakery and the Giraudo family have a long history in the Fisherman's Wharf, dating back to 1975 when the Giraudo family opened the first Boudin retail bakery café in the Fisherman's Wharf at 160 Jefferson Street on Seawall Lot 301 ("Property") (see Attachment A: Location Map) as a subtenant of the Alioto Fish Company, Ltd. ("Alioto"). Over the years, as the company expanded and diversified, Boudin became part of a multinational food company with revenues reaching $2.5 billion in 1993. The Giraudo family sold Boudin in 1993 as part of the sale of the larger food company. In August 2002, Louis Giraudo, along with investors Sharon Duvall and GESD Investors LP, reacquired Boudin through Andre-Boudin Bakeries, Inc. As part of the reacquisition, the investors purchased the leasehold interest in the Property from Alioto through Boudin Properties, Inc. ("Boudin"), a wholly owned subsidiary of Andre-Boudin Bakeries, Inc.

Boudin proposes to demolish the existing one-story building on the Property and replace it with a two-story building with expanded bakery, restaurant and retail uses, including a new "market hall" and exposition bakery. Overall, the proposed development will result in approximately 15,173 gross square feet of net new space and will cost approximately $15 million (which excludes Boudin's cost of acquiring the leasehold). Due to this significant investment in the Property, Boudin desires a new lease with a longer lease period and new financial terms.

This Print Covers Calendar Item No. 4A

Port staff has evaluated Boudin's proposed development and lease terms and believes that they are in the best interest of the Port. The proposed redevelopment of the property by Boudin will create a new vibrant facility bringing Fisherman's Wharf into the building while exposing the building's interior to Fisherman's Wharf. The new financial terms will provide the Port with a greatly enhanced guaranteed minimum rent stream while protecting it from revenue losses attributable to decreases in sales. In addition, through the new lease the Port will be able to update the leasehold terms of the original 1970 lease to more contemporary and Port-favorable lease standards.

The San Francisco Planning Department has determined that, with the adoption of specified mitigation measures, Boudin's project will not have a significant effect on the environment. The Planning Department published a Preliminary Mitigated Negative Declaration for the project on September 27, 2003 and issued the Final Mitigated Negative Declaration on October 22, 2003 after determining that no protests or appeals had been filed during the 20-day public comment period.

Based on the above, Port staff recommends that the Commission (1) adopt the Final Mitigated Negative Declaration issued by the Planning Department; (2) approve the Schematic Drawings for the proposed development project; and (3) approve Lease No. L-13550 in the form on file with the Port Commission Secretary.

BACKGROUND

In 1970, the Port Commission approved entering into Lease No. L-7495 with Exposition Fish Grotto, Inc. for approximately 14,122 square feet of land and the improvements thereon. The term of the Lease was for sixty-six (66) years commencing May 1, 1970 and terminating April 30, 2036. Exposition Fish Grotto, Inc. later assigned its rights and interest in Lease No. L-7495 to Alioto with the Port's consent.

Lease No. L-7495 required that the premises be used to "...conduct a restaurant of a kind and class presently on the premises and other uses reasonably related thereto, and such other uses Tenant has heretofore made or conducted on the leased premises." Prior to the execution of the lease, the premises had been used for the operation of the Exposition Fish Grotto Italian Seafood Restaurant. On November 27, 1974, the Port Commission approved the use of a portion of the premises as a "french bread bakery", pursuant to which the Giraudo family opened the first Boudin retail bakery café in Fisherman's Wharf as a subtenant of Alioto.

Over the years, as the company expanded and diversified, Boudin became part of a multinational food company with revenues reaching $2.5 billion in 1993. The Giraudo family sold Boudin in 1993 as part of the sale of the larger food company. In August 2002, Louis Giraudo, along with investors Sharon Duvall and GESD Investors LP, reacquired Boudin through Andre-Boudin Bakeries, Inc. As part of the reacquisition, the investors purchased the leasehold interest in the Property from Alioto through Boudin Properties, Inc. ("Boudin"), a wholly owned subsidiary of Andre-Boudin Bakeries, Inc.

The Port Commission consented to the assignment of the leasehold from Alioto to Boudin on October 8, 2002, subject to the condition that Andre-Boudin Bakeries, Inc., Boudin's parent company, guaranty all of Boudin's obligations under Lease No. L-7495 (Port Commission Resolution No. 02-47). In conjunction with the assignment, the Port and Boudin entered into Lease No. 13554, allowing Boudin the use of certain parking spaces on a month-to-month term, and License No. 13555, permitting the use of certain sidewalk areas.

On February 5, 2003, the Port Commission approved a Memorandum of Agreement with Boudin, allowing the temporary use of a portion of the Property for retail sales and the cessation of restaurant use

pending the demolition of the improvements now on the premises in anticipation of the construction of a new restaurant/bakery facility at the same location. (Port Resolution No. 03-09)

Since that date, Boudin has developed plans to demolish the exiting one-story building of about 9,820 gross square feet and replace it with a two-story 24,993 gross square foot building, resulting in a net increase of 15,173 square feet. The first floor of building will include a "market hall" as well as a retail bakery and exposition bakery. The second floor of the building will house a full service restaurant/café as well as a bar and exhibition space. A stand-alone flour silo approximately 40 feet in height will also be constructed adjacent to the building. The anticipated development costs of the project are $15 million excluding Boudin's acquisition cost of the leasehold.

Boudin's proposed project would likely be permitted under the existing terms of Lease No. L-7495. However, due to the significant investment in the Property, Boudin desires a new lease with a longer lease period and new financial terms.

It is the general policy of the Port Commission to foster and encourage full and equitable opportunities for leasing of retail sites to all businesses that wish to develop waterfront businesses along the San Francisco Waterfront through a competitive bid process for new leases. However, the Port Commission Retail Leasing Policy (Port Commission Resolution No. 93-52) provides an exception to this general policy by permitting the Port to directly negotiate with an existing tenant for a new and/or extended lease rather than competitively bid the lease when (1) the existing tenant is in good standing, (2) the tenant is committed to making a significant capital investment in its leasehold which will benefit the Port and (3) the benefits of direct negotiation outweigh the benefits of competitive bidding.

Port staff has reviewed Boudin's proposal and has applied all of the criteria set forth in the Retail Leasing Policy and has determined that these three conditions have been met. On that basis, Port staff has negotiated with Boudin the proposed terms discussed more fully below.

PROPOSED NEW LEASE TERMS

Boudin and Port staff have negotiated the terms of a new lease that meets the direct negotiations criteria of the Port's Retail Leasing Policy while enhancing the Port's actual and anticipated revenues at this location. The salient terms and conditions of the proposed new Lease No. L-13550 ("Lease") are as stated below. The final form of the Lease, including all exhibits, is on file with the Port Commission Secretary.

Premises: Approximately 19,891 square feet of land located at 160 Jefferson Street on Seawall Lot 301 (see Attachment B). The total square footage of the ground area of the premises is identical to that controlled by Port Lease No. L-7495 (see Attachment C). However, the site configuration has been modified to create a parcel more nearly rectangular in shape and, as such, lending itself to a more economical scheme of development.

The reconfiguration of the premises will require a complimentary reconfiguration of the Triangle Parking Lot controlled by the Port's month-to-month Management Agreement No. L-12072 for the Triangle Parking Lot at Fisherman's Wharf with the Fisherman's Wharf Restaurant Association. This proposed reconfiguration will not result in a reduction of available parking spaces at the Triangle Parking Lot.

Term: The term of the Lease will be forty years plus a construction period. The construction period commences after the following conditions have been satisfied (a) the City Board

of Supervisors approves by resolution or ordinance, as may be appropriate, the terms and conditions of the Lease; (b) the Mayor approves the resolution or ordinance, as the case may be, adopted by the City Board of Supervisors; (c) the parties have fully executed and delivered the Lease; and (d) the parties have fully executed and delivered termination agreements relating to the guaranty and Lease No. L-7495. The construction period terminates upon the earlier of (i) the date the Port issues a certificate of completion for the new improvements or (ii) December 31, 2005.
The construction period term will be followed by an operational term commencing on the first day of the month following the month in which the construction term expires and terminating forty (40) years thereafter.

Minimum Rent: The Lease provides for a minimum rent during the construction period of $135,000 per year ($11,250 per month). This rental rate is identical to the minimum rent provided for in existing Lease No. L-7495.

The minimum rent during the operational term is as follows:

Years 1-4: $270,000 per year ($22,500.00 per month)
Years 5-8: $325,000 per year (($27,083.33 per month)
Years 9-40: $500,000 per year ($41,666.66 per month), as periodically adjusted pursuant to the Minimum Rent Adjustment provisions discussed below.

Minimum Rent Adjustment: Commencing with the 13th year of the operational term and every five (5) years thereafter, the minimum rent is adjusted to the greater of 70% of the annual aggregate minimum rent and percentage rent payable for the preceding three (3) Lease years or the previous monthly minimum rent as adjusted pursuant to a standard Consumer Price Index (CPI) formula.

Percentage Rent: The Lease provides for the following percentage rents (commencing with the operational term):

Years 1-4: the aggregate of (A) 2.5% of all food, beverage and retail sales and (B) 2.5% of other bakery sales above an annual breakpoint of two (2) million dollars (C) in excess of the minimum rent.

Years 5-8: the aggregate of (A) 3.25% of all food, beverage and retail sales and (B) 3.25% of other bakery sales about an annual breakpoint of two (2) million dollars (C) in excess of the minimum rent.

Years 9-40: the aggregate of (A) 6.5% of all food and beverage sales, (B) 6.5% of other bakery sales in excess of two (2) million dollars, and (C) 8.5% of all other retail sales (C) in excess of the minimum rent.

Commencing with the ninth Lease year, annual percentage rents will be reconciled with annual minimum rents at the expiration of each Lease year pursuant to a "true-up" provision.

Security Deposit: Boudin shall pay to the Port a security deposit equal to two months' minimum rent.

Use: The Lease provides for the following permitted uses:

(a) Restaurants, retail bakeries, cafes, delis, bars and similar facilities generating food and beverage sales;

(b) A museum and/or visitor center specifically dedicated to the history of breadmaking and/or the fishing industry of San Francisco;

(c) Kiosk or store generating retail sales;

(d) A bakery and related facilities generating other bakery sales, up to a maximum of thirty percent (30%) of the total building floor area of the premises;

(e) Administrative offices specifically related to Tenant's permitted use and occupancy of the premises, up to a maximum of ten percent (10%) of the total building floor area of the premises; and

(f) Other uses reasonably related or incidental to any of the foregoing.

Improvements: Boudin is required to construct the new improvements provided in the Work Letter attached to the Lease. These improvements are as generally described above and are depicted on the schematic drawings included as Attachment D ("Schematic Drawings") to this memorandum.

During the term of the Lease, title to the improvements will vest with Boudin. Following the expiration of the Lease, title to the improvements will vest with the Port.

Should Boudin not complete the required improvements by December 31, 2005, the annual minimum rent will automatically increase to $500,000 until such time as the Port issues a certificate of completion for the required improvements, at which point the minimum rent will revert to the scheduled rent otherwise provided for in the Lease during the operational term.

Utilities: Boudin is responsible for all utility services and their installation.

Assignment And Subletting: Boudin may assign or sublet only with the written consent of the Port, which cannot be unreasonably withheld. However, Boudin may assign or sublet to any corporate affiliate and may sublease portions of the Premises which are used for the market hall without first obtaining the Port's consent.

Port Participation: If Boudin should transfer its rights and interest in the leasehold, the Port will be entitled to 10% of the net sales proceeds, which is defined as the gross sales price (less transaction costs) less Boudin's "adjusted basis". The adjusted basis is generally calculated as Boudin's certified construction costs for the new improvements as well as any subsequent construction. The adjusted basis does not include any costs incurred by Boudin to acquire Lease No. L-7495.

The Port is also entitled to receive 10% of any net refinancing proceeds.

Insurance: Boudin's shall maintain the Port's standard required insurance coverage with the exception of earthquake insurance.

The City Risk Manager has approved a provision in the Lease providing that Boudin must maintain earthquake insurance to the extent that such coverage is commercially available at commercially reasonable rates and provided further that all of Boudin's casualty insurance premiums including earthquake coverage do not exceed an amount equal to 0.5% of Boudin's previous year's gross revenues. If the coverage cost is in excess of the threshold amount (as calculated on a yearly basis), Boudin may elect in its sole discretion to discontinue or omit earthquake insurance coverage. However, in such event, Boudin automatically undertakes an absolute duty to restore the improvements following any earthquake.

Mortgages: Port Real Estate staff and Port counsel have negotiated mortgage provisions consistent with the needs of the Port and those of Boudin. These terms are not dissimilar to those contained in the Port's more recent development leases.

City Requirements: The Lease provides for all requisite City and County of San Francisco contract provisions including without limitation those related to:

- Non-Discrimination
- Mitigation Measures
- MacBride Principles-Northern Ireland
- Tropical Hardwood Ban/Virgin Redwood
- Tobacco Product Advertising
- Requirement of Health Benefits for Covered Employees
- Employee Signature (card check) Authorization Ordinance
- Green Building Ordinance
- Notification of Limitation on Contributions

Program of Diversity: The Lease requires that Boudin develop and implement a program of diversity encouraging participation by minority-owned businesses and locally owned businesses in designing and constructing the improvements and to pay prevailing wages for all construction work.

Other Agreements: In addition to the Lease, the Port staff and Boudin have negotiated revocable licenses permitting Boudin the following:

- Construction staging
- Access across the Triangle Parking Lot for trash removal
- Sidewalk encroachments for signage and outdoor dining
- Encroachment for the café balcony

The guaranty from Andre-Boudin Bakeries, Inc., Lease No. L-7495 (including all agreements and amendments related thereto), and License 13555 will be terminated. In addition, License 13554 will be amended to provide that Tenant may use the license area for construction staging, Tenant will make improvements that will serve to incorporate the license area into the adjacent lot, and that the license shall automatically expire upon issuance of a certificate of completion by the Port.

ENVIRONMENTAL REVIEW

The San Francisco Planning Department ("Planning Department") published a Preliminary Mitigated Negative Declaration on September 27, 2003 for the proposed project. In accordance with the California Environmental Quality Act ("CEQA") and its Guidelines, the Planning Department posted the document in its offices and mailed a copy of the document to the project sponsor. The Planning Department published notice of the preparation of the Preliminary Mitigated Negative Declaration in a newspaper of general circulation, which notice was mailed to the Planning Department's list of interested parties. The Preliminary Mitigated Negative Declaration was made available for the requisite 20-day public review period, during which period no protests or appeals were filed with the Planning Department.

Accordingly, the Planning Department issued the Final Mitigated Negative Declaration on October 22, 2003, which is attached hereto as Attachment E. The Final Mitigated Negative Declaration finds that the project will not have a significant effect on the environment with the implementation of certain mitigation measures specified in that document ("Mitigation Measures"). Before the Port Commission can approve any agreements with Boudin for the proposed project, it must consider and adopt the findings of the Final Mitigated Negative Declaration.

SCHEMATIC DRAWINGS

Boudin's proposed improvements are shown on the Schematic Drawings (Attachment D). The Schematic Drawings were reviewed on several occasions by the Waterfront Design Advisory Group ("WDAG") and subsequently approved by WDAG at its public meeting of October 10, 2003. Boudin seeks Port Commission approval of the Schematic Drawings. The Schematic Drawings, if approved by the Port Commission will be incorporated into the Lease and will become a part of Boudin's obligations under that agreement. However, the exterior signage shown on the Schematic Drawings may change as it is still being reviewed and discussed by Port staff and Boudin. The final exterior signage will be approved by the Port Sign Committee and will be consistent with the Port's Signage Guidelines.

ANALYSIS

Boudin's proposed development will be a benefit to the Port's assets at Fisherman's Wharf. The existing improvements on the Property are dated and functionally obsolete. They reflect an era of restaurant design and operation that no longer caters to the preferences of the dining public and visitors to Fisherman's Wharf. The proposed redevelopment of the Property by Boudin will create a new vibrant facility bringing Fisherman's Wharf into the building while exposing the building's interior to Fisherman's Wharf. The building's modern design reflects the historic maritime architecture of the Port. Its location at the entrance to Fisherman's Wharf will create a new and inviting entrance point to San Francisco's most significant tourist attractions.

In addition to the physical improvements, Boudin's proposal provides a considerable revenue increase to the Port over the term of the Lease. The proposed rent structure negotiated by Port staff and Boudin provides a greatly enhanced guaranteed minimum rent stream, protecting the Port from revenue losses attributable to decreases in sales. The sales projections forecast by Boudin, if met, will create the single largest source of revenue for the Port at Fisherman's Wharf. Based on Boudin's sales projections, below are the anticipated revenues for the Port: commencing with the operating term of the Lease:

- Lease Year 1: Total rent payable to the Port would equal $327,926
- LeaseYear 5: Total revenue to the Port would equal $530,710
- Lease Year 9: Total revenue to the Port would equal $1,091,078

Even if Boudin only achieves fifty percent of its sales projections, the Port's anticipated revenues from the Property will far exceed those that could be generated in the existing facility.

In light of the considerable physical improvements and financial benefits offered by Boudin's proposed project, this Lease falls within the Port Commission approved criteria for direct negotiations with an existing tenant. Port staff does not believe the Port could achieve the same or better financial terms if the Property were competitively bid. In fact, because of the considerable length (more than thirty years) of Boudin's remaining leasehold control of the Property under Port Lease No. L-7495, it would be impractical if not impossible to competitively bid a new leasing opportunity for the Property at this time.

RECOMMENDATION

Based on the above, Port staff respectfully requests that the Port Commission (i) approve and adopt the Final Mitigated Negative Declaration, including the Mitigation Measures set forth therein; (ii) approve the Schematic Drawings for the proposed development; and (iii) approve proposed Lease No. L-13550, including all exhibits thereto, in the form now on file with the Port Commission Secretary.

Prepared by: Nicolas Dempsey, Asset Manager

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 03-65

WHEREAS, Charter Section 3.581 of the Charter of the City and County of San Francisco empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control Port area of the City and County of San Francisco; and

WHEREAS, Section 3.581(g) of the Charter of the City and County of San Francisco provides that leases granted and made by the Port Commission should be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, Port Commission and Exposition Fish Grotto, Inc., a California corporation ("Expo Fish") entered into that certain Restaurant Lease dated May 1, 1970 (the "Original Lease"), whereby Port leased to Expo Fish, and Expo Fish leased from Port, real property consisting of approximately 14,122 square feet of land and improvements located on Seawall Lot 301, as commonly known as 160 Jefferson Street, San Francisco, California and more particularly described in the Original Lease ("Property"); and

WHEREAS, Port Commission and Expo Fish entered into that certain First Amendment to Restaurant Lease dated September 25, 1970 (the "First Amendment"), modifying certain terms of the Original Lease; and

WHEREAS, Expo Fish assigned its rights, title and interest in the Original Lease, as amended by the First Amendment, to Alioto Fish Company, Ltd., a California corporation ("Alioto Fish") pursuant to that certain Assumption and Assignment dated October 11, 1972 entered into by and between Expo Fish and Alioto Fish (the "Expo Assignment") and consented to by the Port Commission; and

WHEREAS, Port Commission and Alioto Fish entered into that certain Second Amendment to Restaurant Lease dated February 27, 1974 (the "Second Amendment"), further modifying the Original Lease and expanding the leased premises to approximately 19,490 square feet; and

WHEREAS, Port Commission and Alioto Fish entered into that certain Third Amendment to Restaurant Lease dated April 29, 1994 (the "Third Amendment"), further modifying the Original Lease; and

WHEREAS, Alioto assigned the Original Lease to Boudin Properties, Inc. ("Tenant"), to which the Port Commission consented on October 8, 2002, subject to the condition that Andre-Boudin Bakeries, Inc., Boudin's parent company, guarantee all of Boudin's obligations under the Original Lease ("Guaranty"). (Port Commission Resolution No. 02-47); and

WHEREAS, Port Commission and Tenant entered into a Memorandum of Technical Corrections dated as of November 1, 2002 (the "Memorandum of Technical Corrections"), revising the legal description of the leased premises to correct certain technical errors in the original description; and

WHEREAS, On February 5, 2003, the Port Commission approved a Memorandum of Agreement with Tenant ("Memorandum of Agreement"), allowing the temporary use of a portion of the Property for retail sales and the cessation of restaurant use pending the demolition of the improvements now on the premises in anticipation of the construction of a new restaurant/bakery facility at the same location. (Port Resolution No. 03-09)

WHEREAS, The Original Lease, First Amendment, Second Amendment, Third Amendment, Memorandum of Technical Corrections, and Memorandum of Agreement shall collectively be referred to as "Lease No. L-7495"; and

WHEREAS, Tenant proposes to redevelop the Property as generally described in the Memorandum to the San Francisco Port Commission for Agenda Item 4A for the Port Commission meeting on October 28, 2003 ("Staff Memorandum") and depicted on the Schematic Drawings included as Attachment D thereto, pursuant to which it will make significant improvements to the Property and expand the uses thereon; and

WHEREAS, Due to its significant investment in the Property, Tenant has requested that the Port enter into a new lease for the Property with an extended lease period, new financial terms and modified lease premises; and

WHEREAS, It is the general policy of the Port Commission to foster and encourage full and equitable opportunities for leasing of retail sites to all businesses that wish to develop waterfront businesses along the San Francisco Waterfront through implementation of the Port's policy to competitively bid retail leasing opportunities; and

WHEREAS, In the Retail Leasing Policy adopted by the Port Commission (Port Resolution No. 93-52), the Port Commission provides for an exception to the general competitive bidding policy permitting the Port to enter into a new lease and/or negotiate an extension with an existing tenant when (1) the existing tenant is in good standing, (2) the tenant is committed to making a significant capital investment in its leasehold which will benefit the Port and (3) the benefits of direct negotiations outweigh the benefits of competitive bidding; and

WHEREAS, Tenant is in good standing under Port Lease No. L-7495 and committed to making a significant capital investment in the Property; and

WHEREAS, Due to the considerable length (more than thirty years) of Tenant's remaining leasehold control of the Property under Lease No. L-7495 as well as the greatly enhanced revenue potential to the Port offered by Tenant, the benefits of direct negotiation outweigh the benefits of competitive bidding; and

WHEREAS, In fact, because of the length of Tenant's leasehold control pursuant to Lease No. L-7495, a public competitive bid process for the redevelopment of the Property would be impractical if not impossible at this time; and

WHEREAS, The San Francisco Planning Department ("Planning Department") published a Preliminary Mitigated Negative Declaration on September 27, 2003 for the proposed project (File No. 2003.0186E-160), in which it determined that the project will not have a significant effect on the environment with the implementation of the mitigation measures specified therein; and

WHEREAS, The Preliminary Mitigated Negative Declaration was made available for the requisite 20-day public review period, during which period no protests or appeals were filed; and

WHEREAS, The Planning Department issued the Final Mitigated Negative Declaration on October 22, 2003; and

WHEREAS, The Waterfront Design Advisory Group has reviewed the Schematic Drawings on several occasions and approved the Schematic Drawings at its public meeting held on October 10, 2003; and

WHEREAS, Tenant and Port staff have negotiated the terms of a new lease (Lease No. L-13550) for the Property consistent with the terms and conditions set forth in the Staff Memorandum and documented in the form of the lease, including all exhibits, on file with the Port Commission Secretary; and

WHEREAS, Pursuant to its authority under Section 9.118 of the San Francisco Charter, the Board of Supervisors must approve non-maritime Port leases of more than ten years; and

WHEREAS, The best interests of the City and County of San Francisco and the Port Commission will be served by entering into Lease No. L-13550; now, therefore, be it

RESOLVED, That the Port Commission hereby adopts the following findings with respect to the Final Mitigated Negative Declaration issued by the Planning Department for the proposed redevelopment of the Property (File No. 2003.0186E-160):

1. The Planning Department fulfilled all procedural requirements of the California Environmental Quality Act (Cal. Pub. Res. Code Section 21000 et seq.) ("CEQA"), the CEQA Guidelines (Cal. Admin. Code Title 14, Section 15000 et seq.) and Chapter 31 of the San Francisco Administrative Code ("Chapter 31"); and

2. On September 27, 2003, the Planning Department issued a Preliminary Mitigated Negative Declaration, and in accordance with CEQA, the CEQA Guidelines, and Chapter 31, the Planning Department posted the document in its offices and mailed a copy of it to the project sponsor. The Planning Department also provided notice of the preparation of the Preliminary Mitigated Negative Declaration in a newspaper of general circulation, which notice was mailed to the Planning Department's list of interested parties; and

3. In accordance with CEQA §21091(b) and CEQA Guidelines §15073, the Preliminary Mitigated Negative Declaration was made available for a 20-day public review period; and

4. No protests to or appeals of the Preliminary Mitigated Negative Declaration were filed with the Planning Department within the public review period; and

5. The Planning Department issued the Final Mitigated Negative Declaration on October 22, 2003; and be it further

RESOLVED, The Port Commission has reviewed and considered the Final Mitigated Negative Declaration and finds that it reflects the independent judgement and analysis of the Planning Department, and the Port Commission finds that it is adequate, accurate and objective, and that there is no substantial evidence that Tenant's proposed project will have a significant effect on the environment, and hereby adopts the Final Mitigated Negative Declaration, including the mitigation measures set forth therein; and be it further

RESOLVED, That Tenant is in good standing and has committed to making a substantial investment in the Property that will benefit the Port; and be it further

RESOLVED, That the benefits of direct negotiations with Tenant outweigh the benefits of competitive bidding; and be it further

RESOLVED, That the criteria for direct negotiations with Tenant have been met and that competitively bidding the leasing opportunity at the Property without terminating Lease No. L-7495 would be impractical and impossible at this time; and be it further;

RESOLVED, That the Port Commission approves the Schematic Drawings of the proposed project as shown on Attachment D to the Staff Memorandum; and be it further

RESOLVED, That the Port Commission hereby approves the terms and conditions of the proposed Lease No. L-13350 as set forth in the Staff Memorandum and documented in the form on file with the Port Commission Secretary; and be it further

RESOLVED, That the Port Commission authorizes and directs the Executive Director of the Port (the "Executive Director") to forward Lease No. L-13350 to the Board of Supervisors for approval pursuant to its authority under Charter Section 9.118(c), and upon the effectiveness of such approval, to execute Lease No. L-13550, including all exhibits thereto, in substantially the form of such agreements on file with the Commission Secretary and in such final form as is approved by the Executive Director in consultation with the City Attorney; and be it further

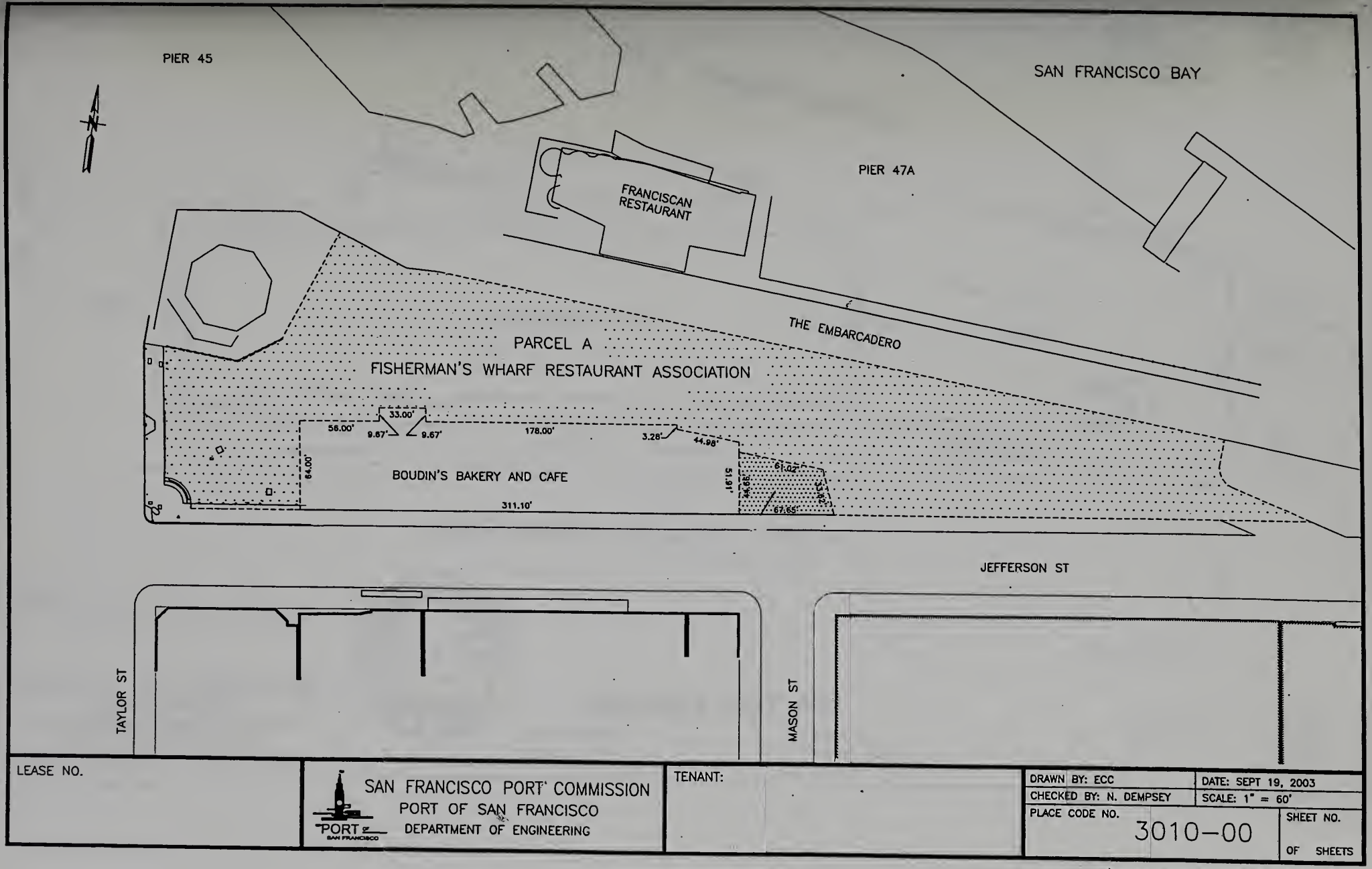
RESOLVED, That the Port Commission approves, confirms and ratifies all prior actions taken by the officials, employees and agents of the Port Commission or the City with respect to Lease No. L-13350; and be it further

RESOLVED, That the Port Commission authorizes the Executive Director to enter into any additions, amendments or other modifications to Lease No. L-13350 (including, without limitation, preparation and attachment of, or changes to, any or all of the exhibits) that the Executive Director, in consultation with the City Attorney, determines are in the best interests of the City, do not increase or decrease the rent or otherwise do not materially increase the obligations or liabilities of the City, and are necessary or advisable to complete the transactions to Lease No. L-13550 in accordance with this resolution, or to otherwise effectuate the purpose and intent of this resolution, such determination to be conclusively evidenced by the execution and delivery by any such person or persons of any such documents; and be it further

RESOLVED, That the Port Commission authorizes and urges the Executive Director and any other appropriate officers, agents or employees of the City to take any and all steps (including, but not limited to, the execution and delivery of any and all certificates, agreements, notices, consents, escrow instructions, closing documents and other instruments or documents) as they or any of them deems necessary or appropriate, in consultation with the City Attorney, in order to consummate the transactions under Lease No. L-13550, in accordance with this resolution, or to otherwise effectuate the purpose and intent of this resolution, such determination to be conclusively evidenced by the execution and delivery by any such person or persons of any such documents.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of October 28, 2003.

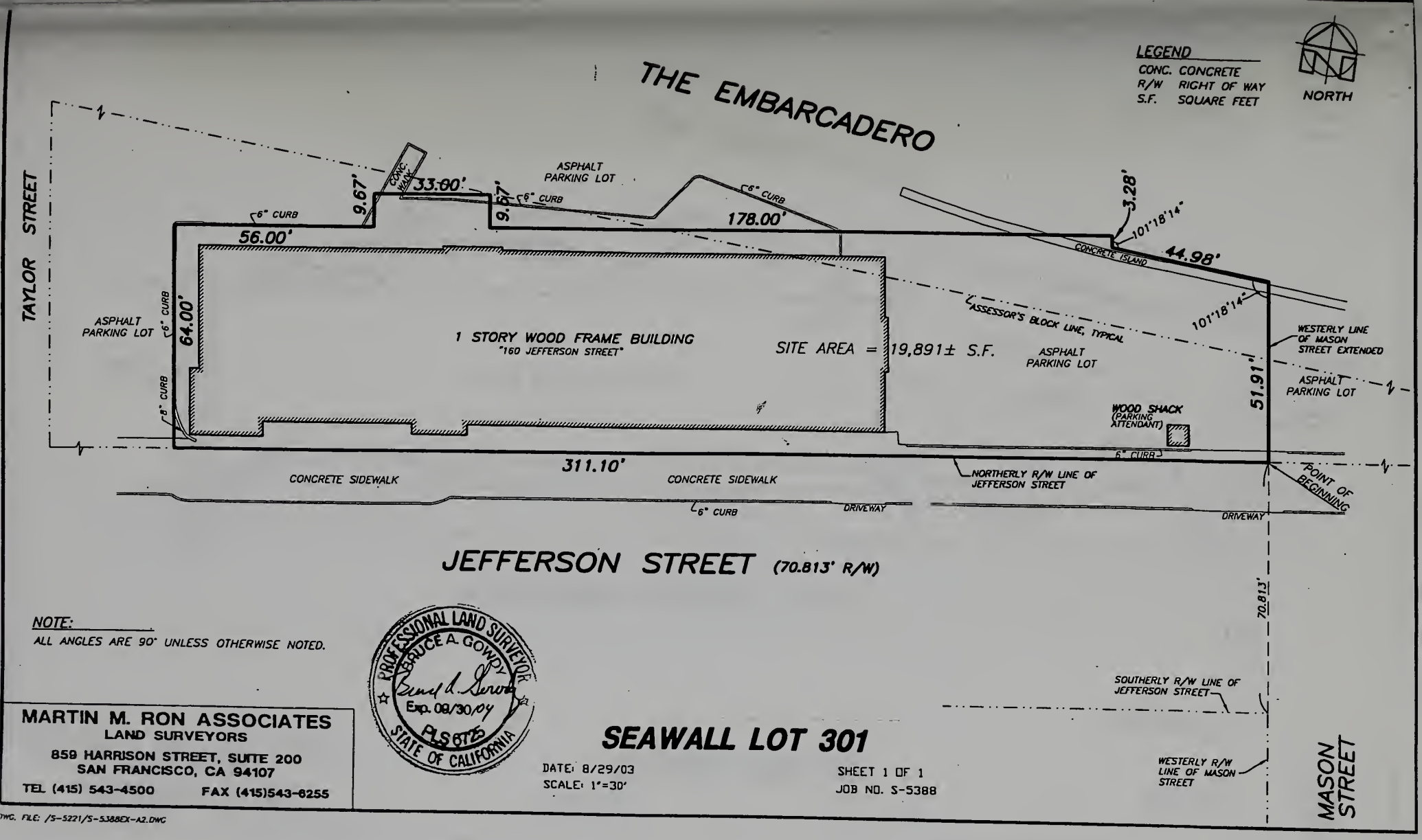
_____
Secretary



LEASE NO.	SAN FRANCISCO PORT COMMISSION PORT OF SAN FRANCISCO DEPARTMENT OF ENGINEERING	TENANT:	DRAWN BY: ECC | DATE: SEPT 19, 2003 CHECKED BY: N. DEMPSEY | SCALE: 1" = 60' PLACE CODE NO. 3010–00 | SHEET NO. OF SHEETS

G:\PROPERTY FILES\LEASE MAPS\EXHIBITS–SWL\SWL–PARK.DWG

Attachment A



NOTE:
ALL ANGLES ARE 90° UNLESS OTHERWISE NOTED.

PROFESSIONAL LAND SURVEYOR
BRUCE A. GOWDY
Exp. 09/30/04
PLS 6772
STATE OF CALIFORNIA

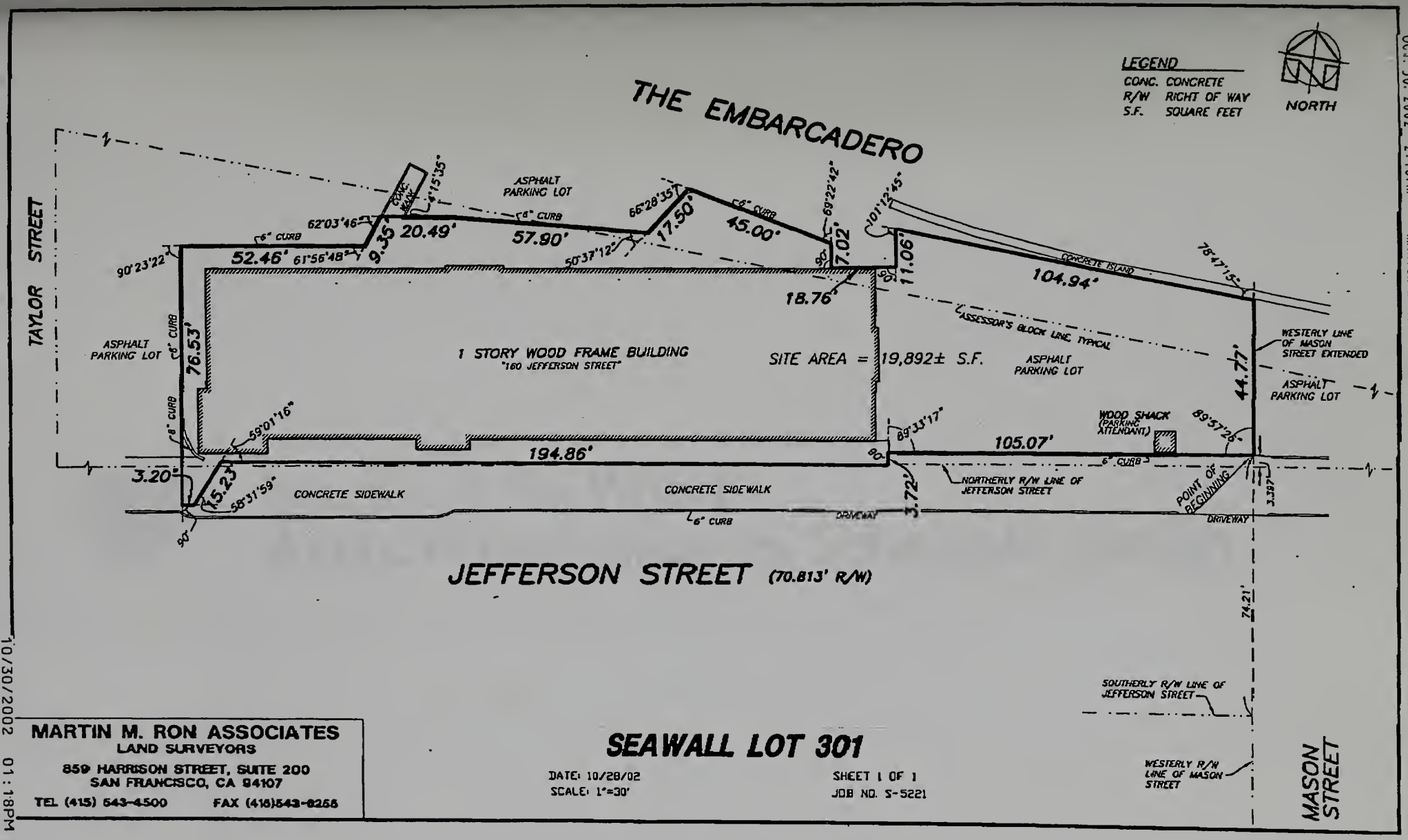
MARTIN M. RON ASSOCIATES
LAND SURVEYORS
859 HARRISON STREET, SUITE 200
SAN FRANCISCO, CA 94107
TEL (415) 543-4500 FAX (415)543-6255

SEAWALL LOT 301

DATE: 8/29/03
SCALE: 1"=30'
SHEET 1 OF 1
JOB NO. S-5388

DWG. FILE: /S-5221/S-5388EX-A2.DWG

Attachment B



MARTIN M. RON ASSOCIATES
LAND SURVEYORS
859 HARRISON STREET, SUITE 200
SAN FRANCISCO, CA 94107
TEL (415) 543-4500 FAX (415)543-6255

SEAWALL LOT 301

DATE: 10/28/02 SHEET 1 OF 1
SCALE: 1"=30' JOB NO. S-5221

JUL. 30. 2002 2:18PM MARTIN M RON ASSOC. NO. 2400 P. 3
10/30/2002 01:18PM

Attachment C

Boudin at the Wharf
WDAC Presentation for Schematic Design

EHDD ARCHITECTURE 4.03

Attachment D

looking
north near
Taylor

Boudin at the Wharf Views

EHDD ARCHITECTURE 4.03

Attachment D

looking north
into Bakers Hall
from
Jefferson St.

Boudin at the Wharf Views

ENDD ARCHITECTURE 4.03

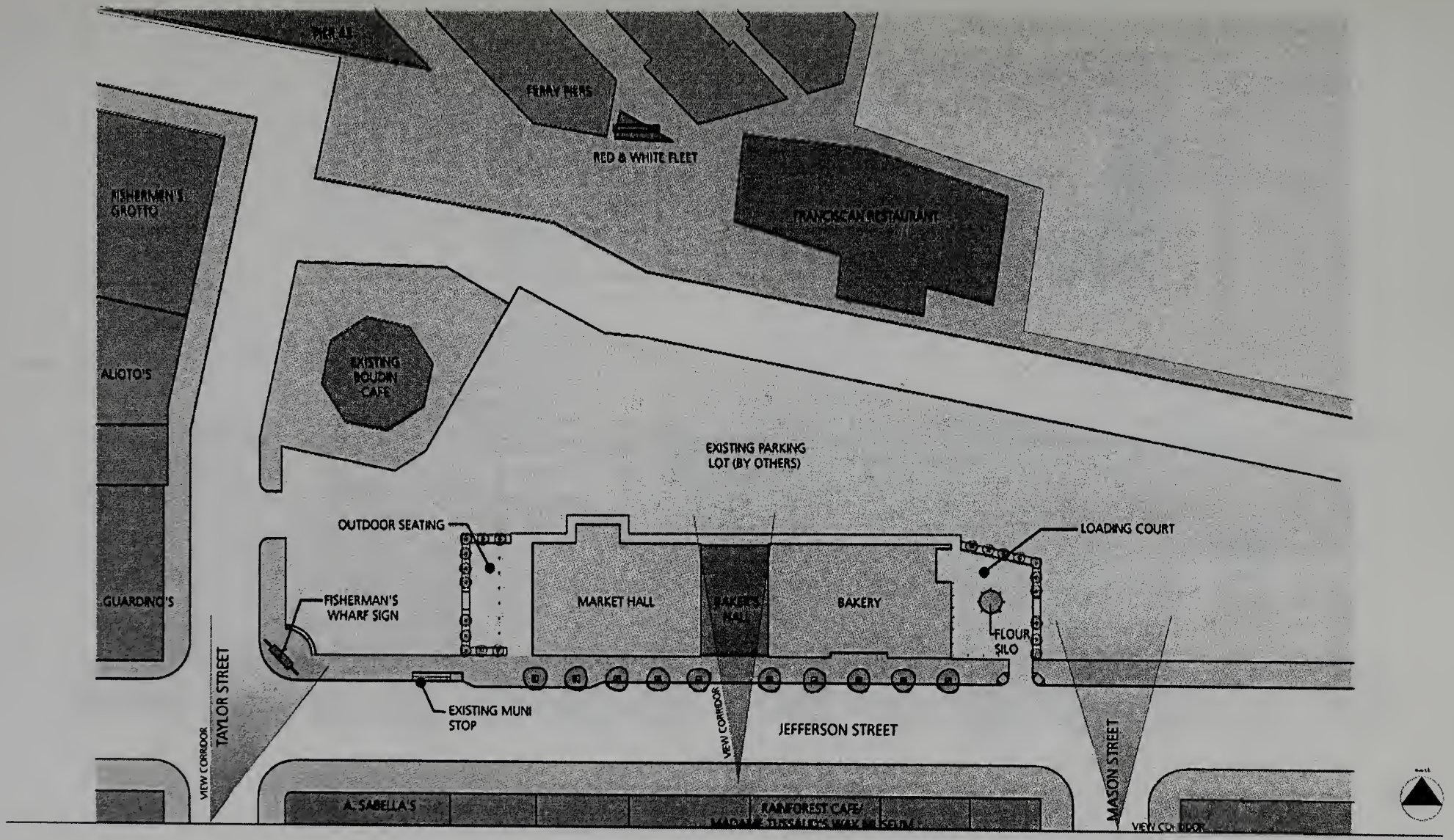
Attachment D

looking
west on
Jefferson
Street

Boudin at the Wharf Views

EHDD ARCHITECTURE 4.03

Attachment D

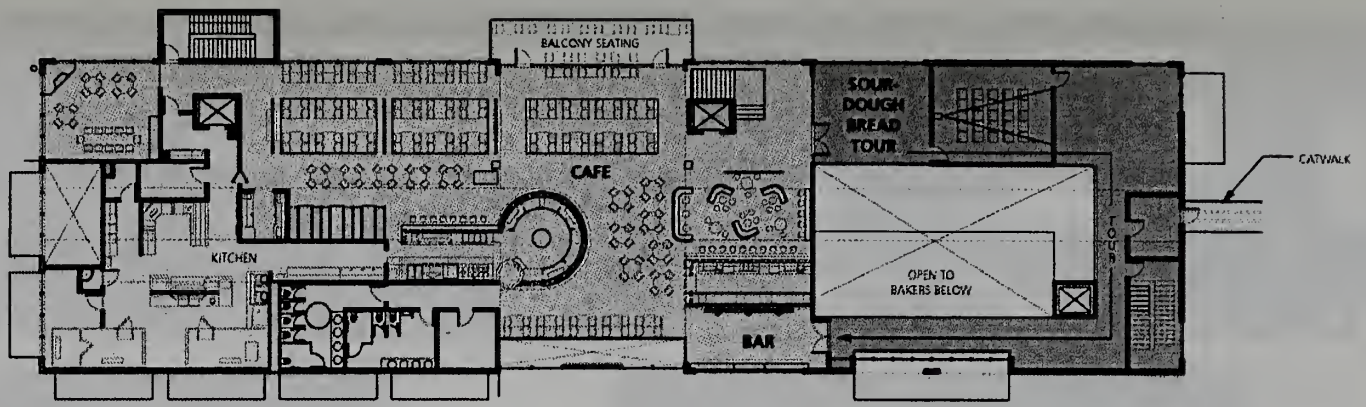


Boudin at the Wharf Site Plan

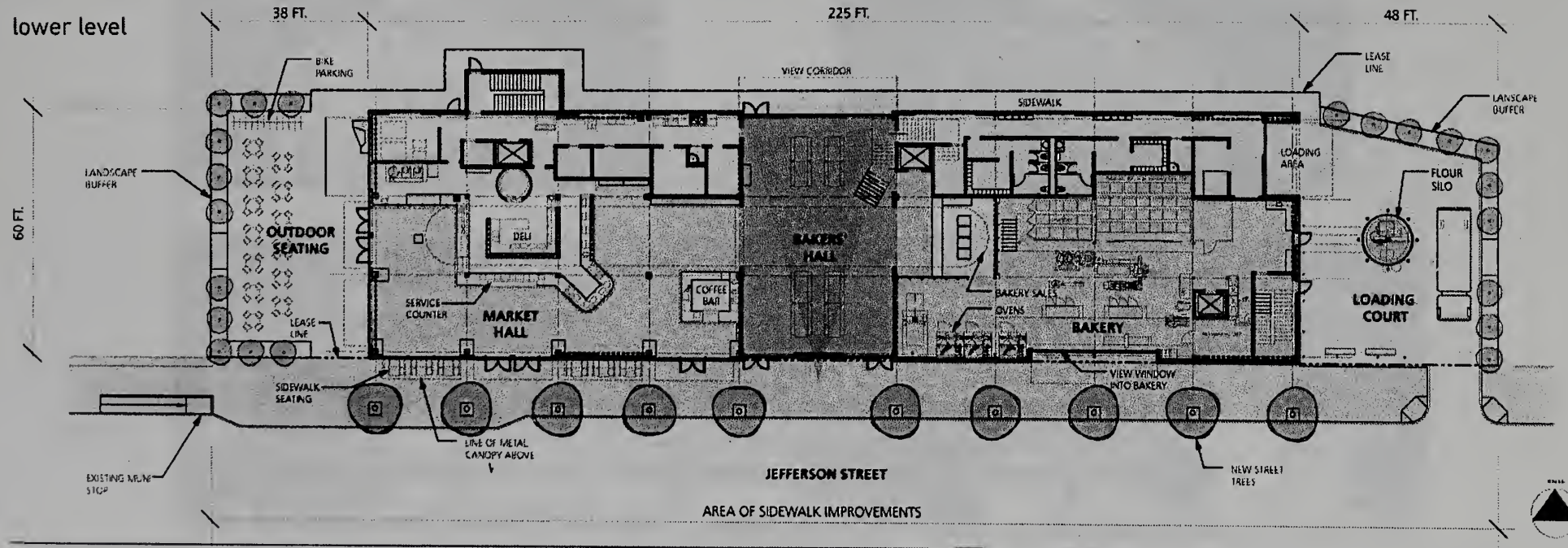
EHDD ARCHITECTURE 4.03

Attachment D

upper level



lower level



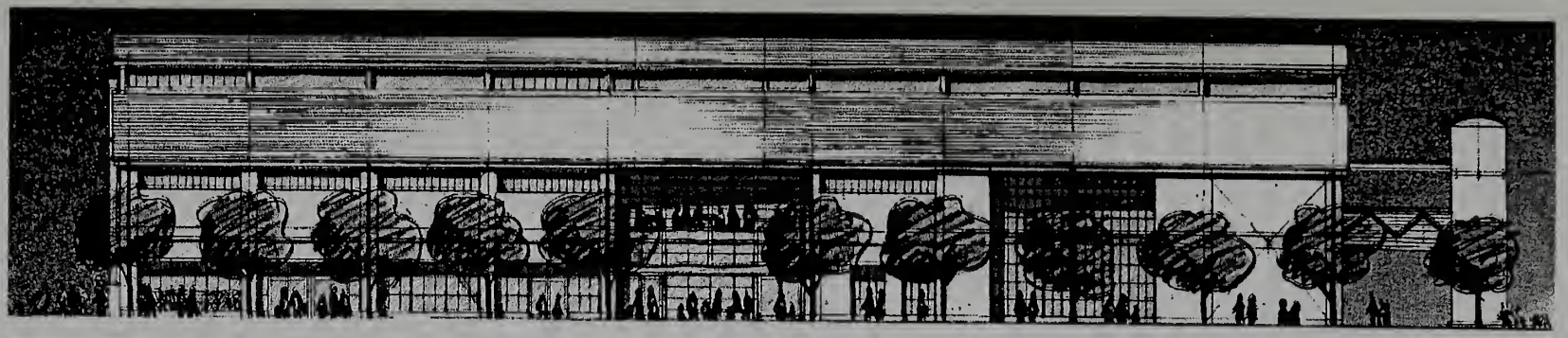
Boudin at the Wharf Floor Plans

EHDD ARCHITECTURE 4.03

0 8 16 32

Attachment D

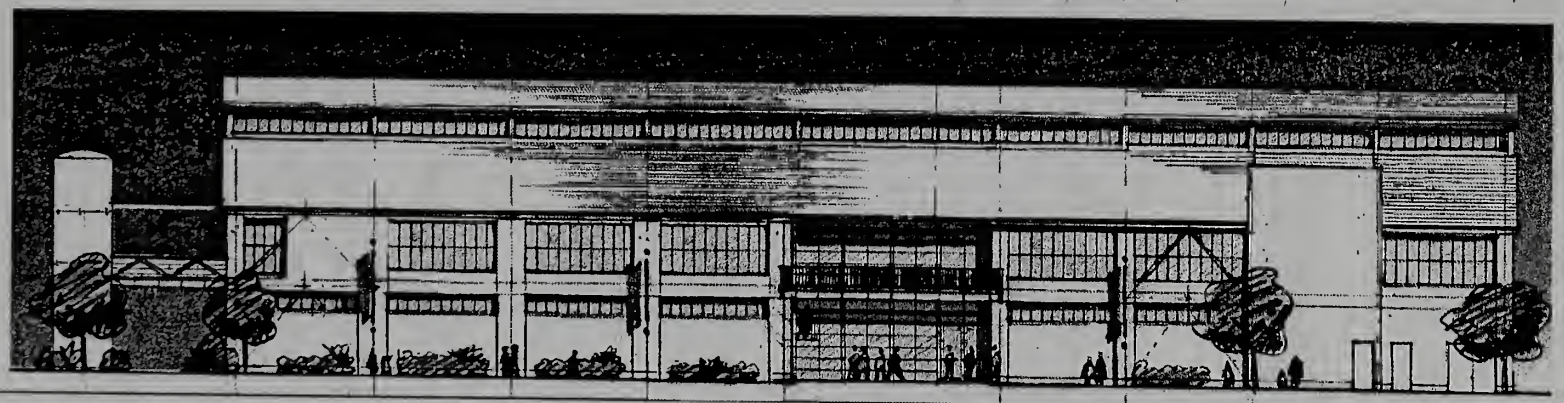
south



east

west

north



Boudin at the Wharf Elevations

EHDD ARCHITECTURE 4.03

0 8 16 32

Attachment D

Attachment I

FINAL MITIGATED NEGATIVE DECLARATION

Date of Publication of Final Mitigated Negative Declaration: October 22, 2003

Lead Agency: Planning Department, City and County of San Francisco
1660 Mission Street, 5th Floor, San Francisco, CA 94103-2414

Agency Contact Person: Carol Roos **Telephone:** (415) 558-5981

Project Title: 2003.0186E: 160 Jefferson Street -Boudin Bakery Expansion
Project Sponsor: Boudin Properties, Inc.
Project Contact Person: Timothy D. O'Shea, Boudin Properties, Inc. **Telephone:** (415) 913-1849

Project Address: 160 Jefferson Street
Assessor's Block(s) and Lot(s): Block 004, Lot 2
City and County: San Francisco

Project Description: The proposed project includes the demolition, replacement and expansion of Boudin Bakery and Café and removal of 24 parking spaces at 160 Jefferson Street at Fisherman's Wharf in San Francisco. The site, a portion of the Fisherman's Wharf Triangle (the Triangle) is owned by the Port of San Francisco. The proposed project would replace a one-story (20-foottall) building of about 9,820 gross square feet (gsf) and 9,670 gsf of surface parking (24 spaces) with a two-story (40-foot tall), 24,993 gsf building with expanded bakery, restaurant and retail uses, and new exhibition space (bakery tour and displays). The project site is in a C-2 (Commercial Business) Use District, the Waterfront SUD-1 (Special Use District No. 1), and a 40-X Height and Bulk District. The ground floor would include bakery, deli, and retail uses. The second floor would include cafe, bar and exhibition uses. Overall, the total proposed building floor area would be approximately 24,993 gsf, or 15,173 gsf of net new space. As shown in Table 1, p. 7, a portion of the existing building is currently vacant. A stand-alone flour silo would be constructed adjacent to the proposed building at Mason Street; it would be about 10 to 12 feet in diameter and about 36 to 38 feet tall. No parking is proposed. Loading would be at a loading court accessed on Jefferson Street. The project requires approval by the Director of Planning of a request for an off-street parking exemption in the Waterfront Special Use District No. 1, a design recommendation from the San Francisco Waterfront Design Advisory Board, and approval from the Port of San Francisco.

Building Permit Application Number: Not applicable. The project sponsor will apply for a building permit from the Port of San Francisco.

THIS PROJECT COULD NOT HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT. This finding is based upon the criteria of the Guidelines of the State Secretary for Resources, Sections 15064 (Determining Significant Effect), 15065 (Mandatory Findings of Significance) and 15070 (Decision to Prepare a Negative Declaration), and the following reasons as documented in the Environmental Evaluation (Initial Study) for the project, which is attached.

Mitigation measures, if any, are included in this project to avoid potentially significant effects: see attached Initial Study, pp. 45-49.

Final Mitigated Negative Declaration issued on: October 22, 2003

cc: Timothy D. O'Shea, Project Sponsor
Diane Oshima, Port of San Francisco
Distribution List
OCC/Bulletin Board
LFZ/Master Decision File

Paul Maltzer
Environmental Review Officer

PRELIMINARY MITIGATED NEGATIVE DECLARATION
2003.0186E: 160 Jefferson Street
Boudin Bakery Expansion

PROJECT DESCRIPTION

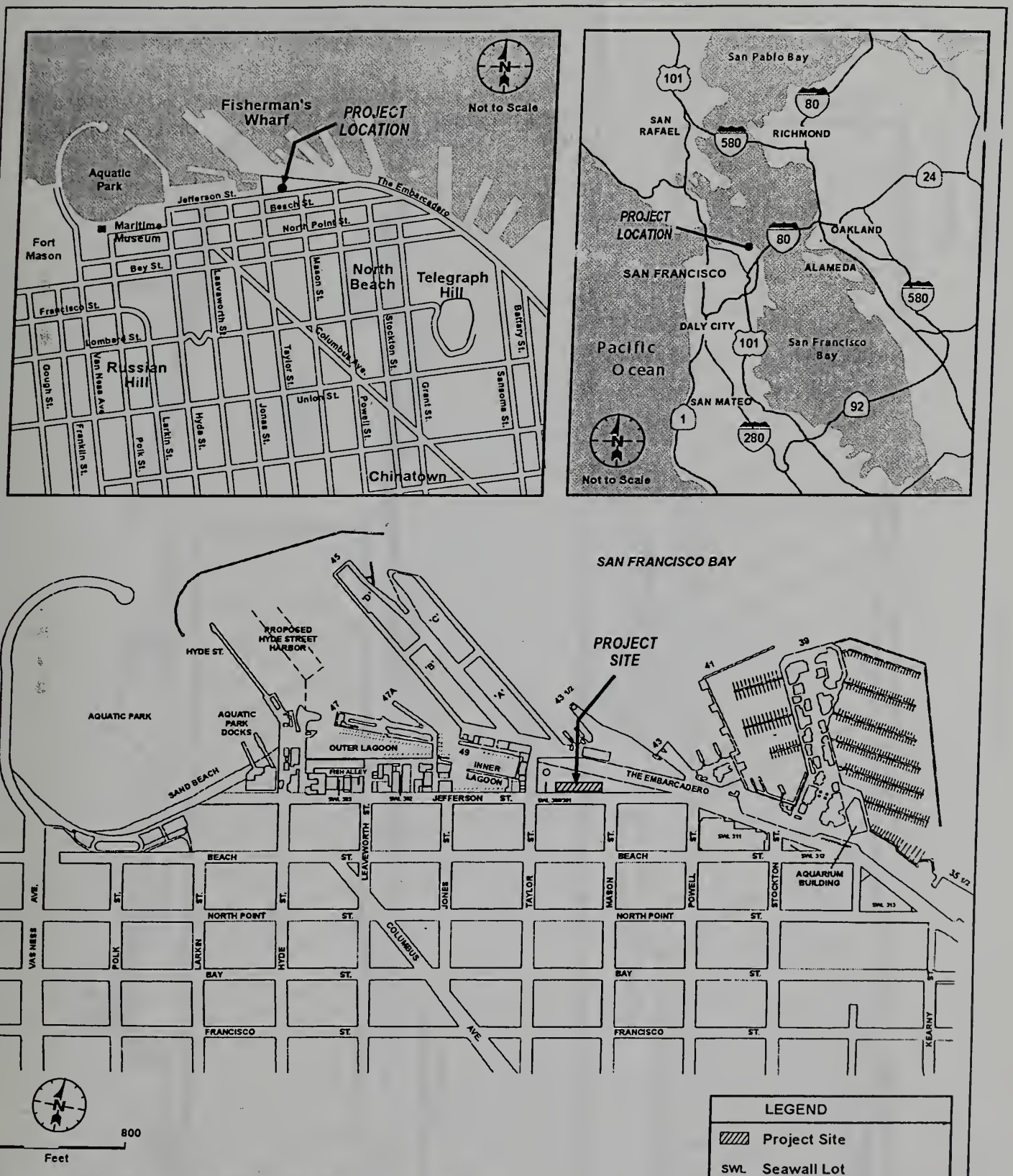
The project site is at 160 Jefferson Street, between Taylor and Mason Streets at Fisherman's Wharf in San Francisco. The project site is on a portion of the Triangle bounded by Jefferson Street to the south, Taylor Street to the west, and The Embarcadero to the north. (Boudin operates other properties on this same block.) The site, a portion of Assessor's Block 004, Lot 2 (Seawall Lot 300/301), with an area of approximately 19,890 sq. ft., is the property of the Port of San Francisco. See Figure 1, p. 3, Project Location which depicts the site and local streets, as well as the site location within San Francisco and the region.

The project site is in a C-2 (Commercial Business) Use District, the Waterfront SUD-1 (Special Use District No. 1), and a 40-X Height and Bulk District. The *Waterfront Land Use Plan* (WLUP), adopted by the San Francisco Port Commission in 1997, identifies the project site as being in the Fisherman's Wharf Subarea.

Boudin Properties, Inc. leases the site from the Port of San Francisco (Port Commission Lease No. 7495). The existing site, or main lease area, is comprised of two components: the existing building and a surface parking lot for 24 vehicles (see Figure 2). The proposed project would include a new or amended lease and would replace a one-story building of 9,820 gsf and surface parking area for 24 vehicles with a two-story, 24,993 gsf building with expanded bakery, restaurant and retail uses, and new exhibition space (bakery tour and displays). The ground floor would include bakery, deli and retail uses. The second floor would include cafe, bar and exhibition uses. Overall, the proposed building floor area would be 15,173 gsf of net new space. A stand-alone flour silo would be constructed adjacent to the proposed building at Mason Street; it would be about 10 to 12 feet in diameter and about 36 to 38 feet tall. Outdoor seating would be provided on the west side of the building. Loading access would be provided along Jefferson Street at the east side of the building, and would include a loading area within an open courtyard. Additional outdoor seating may be provided in the loading court area, after scheduled deliveries, which would occur before 10 a.m. No parking is proposed in the loading court. Figure 2, p. 4 provides the site plan and Figure 3, p. 5 provides the ground-level floor plan and the second-level floor plan. Figure 4, p. 6 shows project elevations. Table 1 on p. 7 lists the existing and proposed land uses. As shown in Table 1, a portion of the existing building is currently vacant.

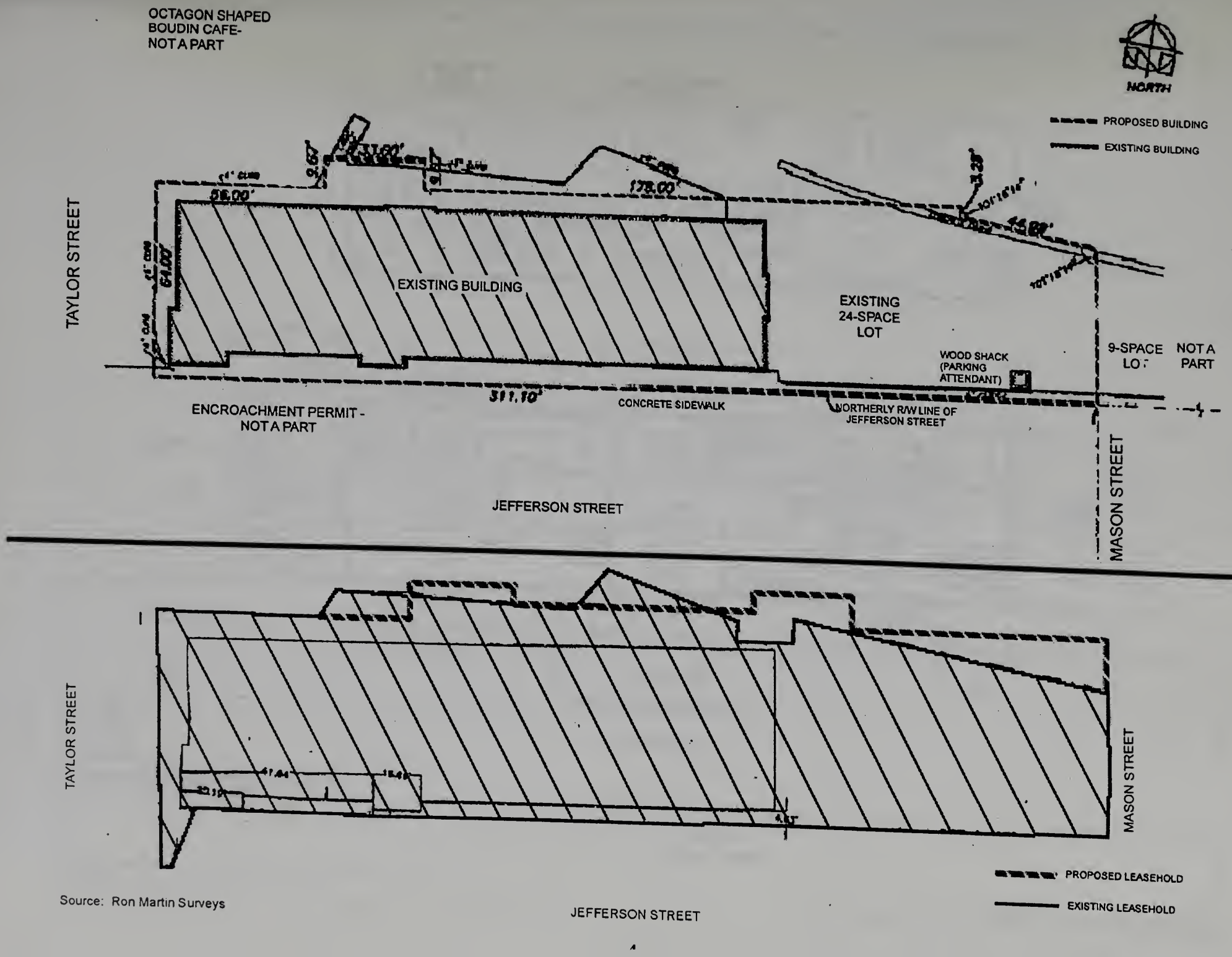
The proposed two-story building would be approximately 225 feet in length and 60 feet in width. The main entrance would be on Jefferson Street, mid-point between Taylor and Mason Streets. This entrance would allow pedestrian access through the building to the Triangle parking lot, The Embarcadero and waterfront piers on the north. A landscaped outdoor patio would be provided on the west side of the building within the existing building footprint. The proposed building would be set back approximately 38 feet from the Taylor Street lot line to expand the existing viewshed north on Taylor Street towards the Bay.

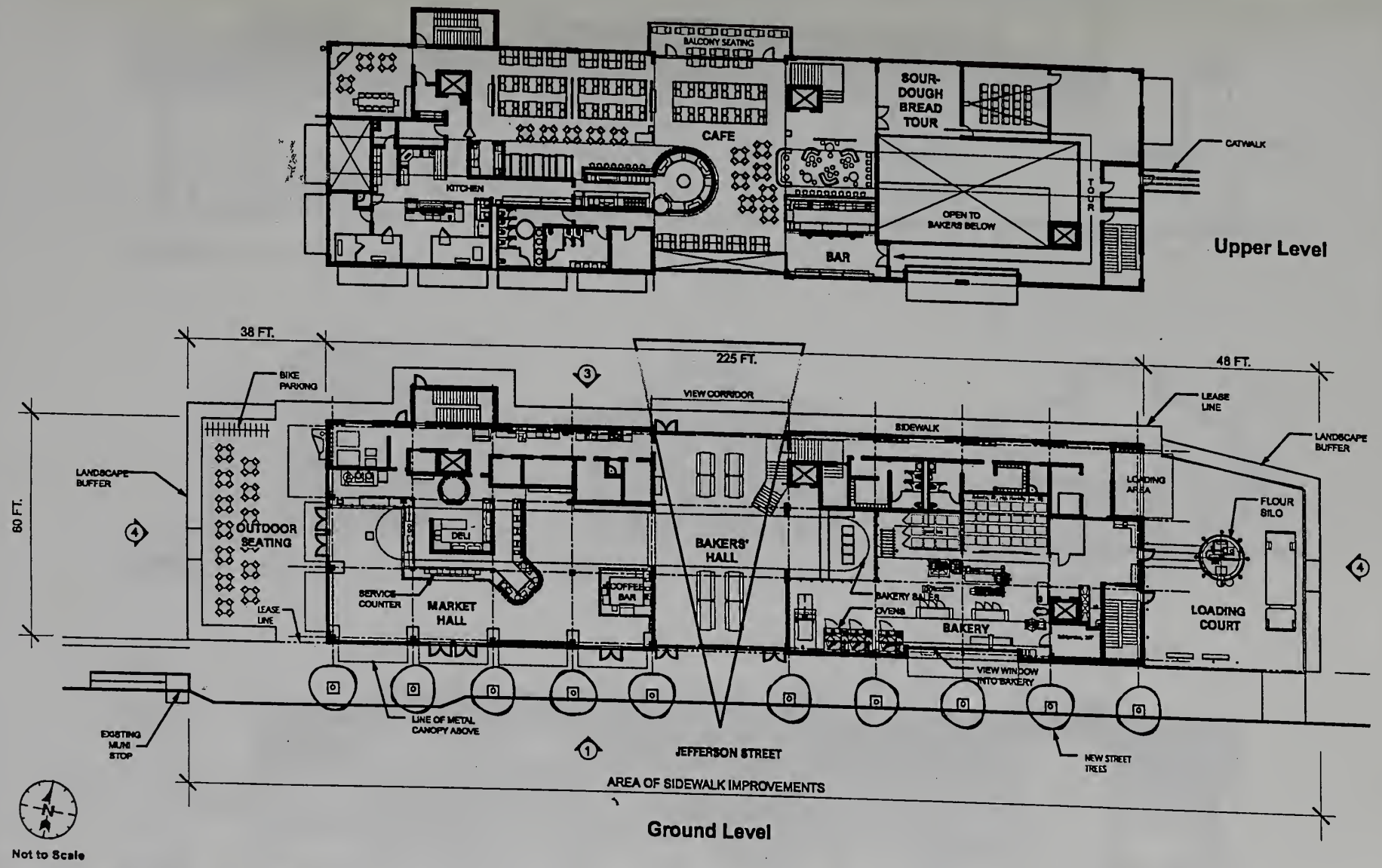
Demolition and excavation activities would be about one month, and construction would take about nine months for completion. [1] Pile-driving would be required to construct the foundation.



Source: Port of San Francisco Waterfront Land Use Plan, 1997; EIP Associates, 2003

FIGURE 1
Project Location

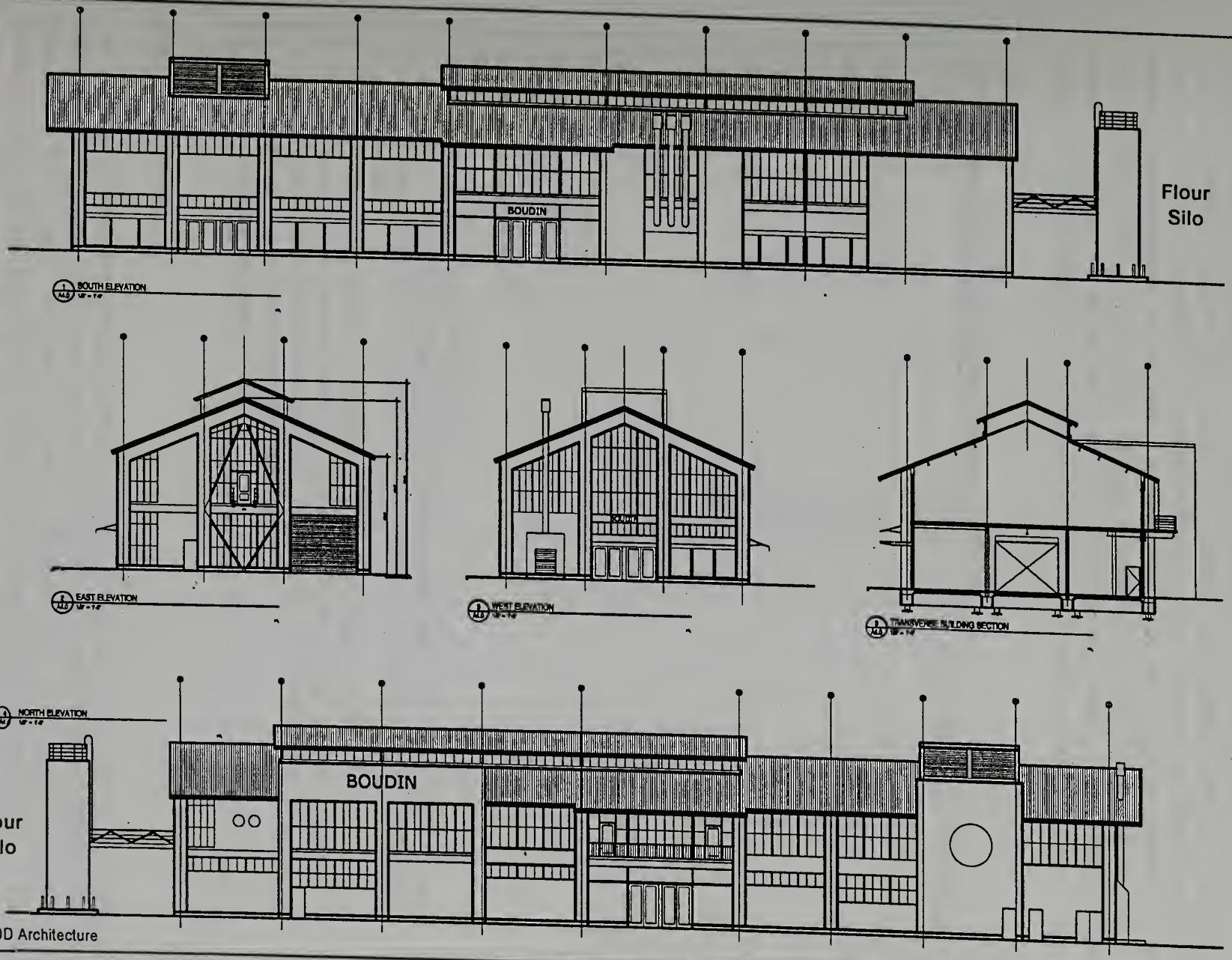

OCTAGON SHAPED
BOUDIN CAFE-
NOT A PART
NORTH
PROPOSED BUILDING
EXISTING BUILDING
TAYLOR STREET
EXISTING BUILDING
EXISTING
24-SPACE
LOT
WOOD SHACK
(PARKING
ATTENDANT)
9-SPACE LOT
NOT A
PART
ENCROACHMENT PERMIT -
NOT A PART
CONCRETE SIDEWALK
NORTHERLY R/W LINE OF
JEFFERSON STREET
MASON STREET
JEFFERSON STREET
TAYLOR STREET
MASON STREET
PROPOSED LEASEHOLD
EXISTING LEASEHOLD
Source: Ron Martin Surveys
JEFFERSON STREET



Source: EHDD Architecture; EIP Associates, 2003

FIGURE 3
Floor Plans

10760-00



Source: EHDD Architecture

FIGURE 4
Elevations

10760-00

Separately, Boudin Properties, Inc. has other operations on the Triangle that are not a part of this project, including: an encroachment permit for an area of approximately 1,090 sq.ft. which provides outdoor seating and right-of-way from the southwest corner of the project site to the curb line, a month-to-month lease for surface parking for nine vehicles currently access on Jefferson Street, and a separate Boudin Café (at the northern terminus of Taylor Street) (see Figure 2, p. 4). The octagon-shaped Boudin Café and the encroachment permit would not be affected by this project; the nine-space parking lot would become part of another parking lot on the Triangle operated by others.

Table 1
160 Jefferson Street: Existing and Proposed Land Uses

Type of Use	Existing	New Construction	Net Change
Industrial (Bakery) (gsf)	3,345	5,624	2,279
Restaurant (gsf)[1]	1,525[2]	11,513	9,988
Retail/Arts (gsf)[3]	2,500	7,856	5,356
Vacant	2,450	0	0
Total Building Area (gsf)	**9,820**	**24,993**	**15,173**
Parking (sf)	9,670	0	(9,670)
Outdoor seating (sf)	500[4]	2,280[5]	1,780
Loading (sf)[6]	420	2,880	2,460
Flour Silo (lbs)	0	75,000	75,000
Parking (No. of spaces)	24	0	(24)
Loading (No. of spaces)	1	1	0
Height (feet)	20	40	- -

Source: Boudin Properties, Inc.
Notes:
1. Restaurant includes accessory kitchen space.
2. A portion of the existing building (2,450 gsf) has been vacant since December 2002. The existing retail use (souvenir shop) (2,500 gsf) is an interim use of that space approved by the Port Commission in February 2003.
3. The proposed exhibition space is considered "Arts" under the Planning Code.
4. Existing outdoor seating includes seating provided along Jefferson Street, and does not include Boudin's separate encroachment permit area that would be retained with the proposed project.
5. Proposed outdoor seating includes the landscaped patio.
6. Proposed loading area includes the silo.

PROJECT SETTING

The Triangle at Fisherman's Wharf in San Francisco contains several uses: the existing project site building and parking lot; two other parking lots; the separate, octagon-shaped Boudin Café, and a Fisherman's Wharf sign. The project, a new or amended lease and construction of a two-story building, would only affect the 19,890-sf portion of the Triangle along Jefferson Street. The existing building on the project site has been partially vacant since the closing of the Expo Restaurant in December 2002. However, a souvenir shop was approved for interim use by the Port Commission in February 2003 in the restaurant portion of the building. To the west of the project site across Taylor

Street are one- and two-story Fisherman's Wharf restaurants, including Fisherman's Grotto, Alioto's, Nick's Lighthouse, Sabella & LaTorre, and Tarantino's. To the north of the project site across The Embarcadero is Pier 45 where the U.S.S. Jeremiah O'Brien and the U.S.S. Pampanito are berthed. The Red & White Fleet is berthed at Pier 43½. Northeast of the project site is the two-story (40-foot-tall) Franciscan restaurant. To the east of the project site are surface parking and the visitor-serving uses of Pier 39. Across Jefferson Street to the south is the recently-constructed three-story building housing the Madame Tussaud's Wax Museum, the Haunted Gold Mine, the Rainforest Café, as well as a McDonald's restaurant, and other visitor-serving retail uses. The Radisson Hotel is southeast of the project site. Surrounding land uses include other restaurants, visitor-serving attractions, hotel, retail, parking, entertainment, and maritime uses on Piers 43½ and 45.

The project site is in a C-2 (Commercial Business) Use District, the Waterfront SUD-1 (Special Use District No.1), and a 40-X Height and Bulk District. The project vicinity is primarily C-2 zoning. Uses south of Jefferson Street are in the Waterfront SUD-2 District and those north of Jefferson Street are in the Waterfront SUD-1 District.

COMPATIBILITY WITH EXISTING ZONING AND PLANS

		Not Applicable	Discussed
1.	Discuss any variances, special authorizations, or changes proposed to the City *Planning Code* or Zoning Map, if applicable.	_	X
2.	Discuss any conflicts with any adopted environmental plans and goals of the City or Region, if applicable.	_	X

The proposed project would be subject to review according to local regulations, plans and policies, as well as by other agencies (the Port of San Francisco) with jurisdiction over the proposed project. This section discusses the agencies, plans, and policies that are relevant to review of the project.

Plans and Policies

San Francisco Planning Code

The *San Francisco Planning Code* (*Planning Code*), which incorporates by reference the City's Zoning Maps, governs permitted uses, densities, and the configuration of buildings within San Francisco. A permit (in this instance issued by the Port) to construct a new building (or to alter or demolish an existing one) may not be issued unless either the proposed project conforms to the *Planning Code*, or an exception is granted pursuant to provisions of the *Planning Code*.

The project site is located in a C-2 (Commercial Business) Use District, the Waterfront SUD-1, and a 40-X Height and Bulk District. The project would require a new or amended lease from the Port as well as a building permit from the Port because it would involve the demolition of the existing building and new construction of expanded bakery, restaurant, and retail uses, and new exhibition space. According to the Planning Code, some C-2 Districts provide comparison shopping goods and services on a general or specialized basis to a citywide or a regional market area, complementing the main area for such types of trade in downtown San Francisco. The extent of these districts varies from smaller

clusters of stores to larger concentrated areas, in each case the character and intensity of commercial development are intended to be consistent with the character of other uses in the adjacent areas. As in C-1 Districts, the emphasis is upon compatible retail uses (Planning Code Section 210.2). In a C-2 District, retail business is permitted as a principal use. The 40-X Height and Bulk District allows a maximum building height of 40 feet, and does not limit building bulk.

The Waterfront SUD-1 is intended to provide for certain areas with unique natural and man-made physical characteristics, distinct maritime character, special traffic, parking and use consideration, recognized development potential, and proximity to residential, public, and commercial areas of regional, national, and international significance which should be protected from adverse adjacent development. In accordance with Section 240.1(b)(2), since existing restaurants and retail are identified as acceptable, existing or interim land uses in the WLUP, these uses are allowable as principal uses in the Waterfront SUD-1. New construction of any use other than maritime is subject to a waterfront design review process, as provided under Section 240(c) of the *Planning Code*.

The *Planning Code* recognizes the unique nature of the Waterfront SUD-1 and provides special exemptions from off-street parking requirements set forth in Section 151 of the *Planning Code*. These special exemptions are set forth in Sections 161(f) and 240.1(f) of the *Planning Code*. The proposed project requires such an exception from the Planning Director.

The project would provide one loading space consistent with the provisions for off-street loading in Section 152.1 of the *Planning Code*.

San Francisco General Plan

The *City and County of San Francisco General Plan (General Plan),* which contains general policies and objectives to guide land use decisions, contains some policies which relate to physical environmental issues. The proposed replacement and expansion of Boudin Bakery would not obviously or substantially conflict with any such policy. In general, potential conflicts of a proposed project with the *General Plan* are considered by decision makers independently of the environmental review process, as part of the decision to approve or disapprove a proposed project. Any potential conflict not identified here could be considered in that context, and would not alter the physical environmental effects of the proposed project.

The project site is owned by and under the jurisdiction of the Port of San Francisco. The Port has the authority to operate, maintain, regulate, and improve the harbor properties of San Francisco that were transferred in trust to the City and County of San Francisco from the State of California by the Burton Act of 1968. The project is under Port jurisdiction and would not obviously or substantially conflict with Port Plans or policies for adjacent areas under its jurisdiction. The Port also asserts jurisdiction over the sidewalks adjacent to the project site on Jefferson Street. To the extent they may extend into the airspace over portions of the sidewalks under Port jurisdiction, any project bays, awnings, and signs would require an encroachment permit, and any signs would also require a sign permit, from the Port. No portion of the project site is in the 100-foot shoreline band subject to the jurisdiction of the San Francisco Bay Conservation and Development Commission.

Waterfront Land Use Plan (WLUP)

The project site is in the Fisherman's Wharf Subarea of the Port's Waterfront Land Use Plan (WLUP). The San Francisco Port Commission adopted the WLUP in 1997. The WLUP establishes land use policy for all property under the jurisdiction of the Port of San Francisco, extending from the north end of Fisherman's Wharf south to India Basin. Within the Fisherman's Wharf Subarea, the WLUP sets forth the following area objectives:

- Restore and expand Fisherman's Wharf as a working fishing port
- Attract revenue-generating new uses to help support and subsidize fishing industry and public activities
- Provide space for the existing and expansion needs of other maritime activities at the Wharf
- Continue to integrate public, commercial, and maritime activities to preserve and enhance the diversity of uses at Fisherman's Wharf
- Encourage activities that will facilitate the use of the area by local residents and diminish the wharf's image as a "tourist-only" attraction.
- Rationalize and enhance the public access and open space program at Fisherman's Wharf.
- Provide efficiently planned parking and loading facilities to serve Wharf activities.

The WLUP identifies a Fisherman's Wharf Mixed Use Opportunity Area including Seawall Lot 300/301 (the Triangle at the foot of Mason Street currently used as surface parking, retail and restaurant, and for pedicab operations). The WLUP includes development standards that would allow consideration of limited commercial uses at Pier 43 ½ and the Triangle to provide incentives to introduce open space and public access and remove parking from those sites (WLUP EIR, p. 23).[2] Acceptable land uses for the proposed project site (Seawall Lot 300/301) identified in the plan include open space, assembly and entertainment, visitor services, restaurants and retail establishments, as well as public access, parking and transportation services. The proposed development would include these allowed uses.

In addition, the WLUP includes a Waterfront Design & Access Element setting forth objectives to maintain and expand public access, open space, public views, historic preservation and architectural compatibility along the waterfront. The proposed project requires review by the Waterfront Design Advisory Committee, as set forth in Planning Code Section 240, to determine project compliance with the applicable architectural and design criteria in the Waterfront Design & Access Element.

The WLUP also calls for a public planning process for the Triangle and Pier 43-1/2 to develop a public plaza in the context of addressing and resolving issues of concern to the Fisherman's Wharf community and the State San Francisco Bay Conservation and Development Commission (BCDC). To that end, the Port and BCDC Commissions initiated a public planning process in late 2002 to review policies that address pier repair, open space, parking, circulation, and other urban design issues that affect the quality of development and public access improvements in the area. In January 2003, a Joint BCDC/Port Commission Committee approved a work program for the planning process to update and provide consistency in BCDC and Port plans for the Fisherman's Wharf waterfront. The Port and

BCDC have subsequently sponsored public workshops and joint Commission committee meetings to define objectives and concepts for feasible open space, development and other projects that benefit the fishing and maritime industries in the Wharf. The project would not conflict with implementation of these planning goals and the Port would consider project approval in relation to these ongoing planning efforts.

Agency Review and Approvals

A number of approvals and permits would be required for the proposed project. These requirements and their applicability to the proposed project are summarized below.

Agency Review

City and County of San Francisco, Waterfront Design Advisory Committee (WDAC) Design Recommendation. Any project involving non-maritime uses in the Waterfront Special Use District No. 1 (in which the project site is located) is subject to the Waterfront Design Review Process. The process involves project review in public meetings by the WDAC, which includes representatives from the San Francisco Planning Department, Mayor's Office, and Port of San Francisco. Because the project involves non-maritime uses, the WDAC has jurisdiction to review the project design and make recommendations to the Planning Department, and the Port Commission. Planning Code Section 240 sets forth the requirements of the Waterfront Design Review process, including review and appeal procedures to the Planning Commission and the Board of Supervisors. The proposed project design was presented to the Waterfront Design Advisory Committee (WDAC) on April 29, 2003, and a revised design was presented on July 25, 2003. On July 25, 2003, the WDAC expressed its support of the project design.

Approvals

Port of San Francisco, Port Commission. Design Approval, New or Amended Lease. As the property owner, the Port has authority to enter into a new or amended lease for the project site to address the proposed site and modified uses. Port Commission action also would include receipt and action on the WDAC design recommendation for the project.

City and County of San Francisco, Planning Department Parking Exemption. Development of the proposed project within the Waterfront SUD-1 would require an off-street parking exemption under Planning Code Section 161(f) to be approved by the Planning Director.

City and County of San Francisco, Board of Supervisors. ***Resolution Approving New Lease (or amendment to existing lease).*** The financial terms of the new or amended lease is subject to review and approval by the Board of Supervisors.

Port of San Francisco, Engineering Department Building Permit. As the project site is Port property, the Port is responsible for issuing a building permit for the project.

ENVIRONMENTAL EFFECTS

All items on the Initial Study Checklist have been checked "No," indicating that, upon evaluation, staff has determined that the proposed project could not have a significant adverse environmental effect.

Several of those Checklist items have also been checked "Discussed," indicating that the Initial Study text includes discussion about that particular issue. For all of the items checked "No," without discussion, the conclusions regarding potential significant adverse environmental effects are based upon field observation, staff experience, and expertise on similar projects, and/or standard reference material available within the Department, such as the Department's Transportation Impact Analysis Guidelines For Environmental Review, or the California Natural Diversity Data Base and maps, published by the California Department of Fish and Game. For each checklist item, the evaluation has considered the impacts of the project both individually and cumulatively.

1. Land Use - Could the project:	Yes	No	Discussed
a. Disrupt or divide the physical arrangement of an established community?	_	X	X
b. Have any substantial impact upon the existing character of the vicinity?	_	X	X

The project site is in the Fisherman's Wharf area of San Francisco's northern waterfront, an area adjacent to San Francisco Bay and characterized by visitor-serving commercial uses and some maritime land uses. This area encompasses approximately 374 acres of land and water generally bounded by the Pier Head Line in San Francisco Bay to the north, Pier 35 on the east, Bay and Francisco Streets to the south, and Aquatic Park to the west. Nearby neighborhoods include North Beach, Telegraph Hill, Russian Hill, and Fort Mason.

Historically, the Fisherman's Wharf area was a center for the fishing and maritime industries such as boat repair, maritime equipment supply, and fish processing and canning. Tourist-serving commercial uses are concentrated in the project vicinity. They include hotels, specialty retail, restaurant, and entertainment establishments along Mason and Jefferson Streets; the Pier 39 parking garage at Powell and Jefferson Streets; the Triangle with commercial and parking uses on which the project site is located; the Red and White Fleet berths on Pier 43 and the Blue and Gold Fleet berths on Pier 39; and Pier 39, a specialty retail/restaurant complex, 350-berth marina and the Aquarium of the Bay.

The project site is located on a portion of the Triangle north of Jefferson Street, between Taylor and Mason Streets, and is currently occupied by a one-story building (Boudin Bakery and Café) and surface parking area (24 vehicle spaces). A smaller Boudin Café and two attendant-operated surface parking lots occupy the remainder of the Triangle (outside the project boundaries and leasehold). Surrounding land uses include restaurants, visitor-serving attractions, hotel, retail, parking, and maritime and entertainment uses on Piers 43½ and 45. Structures in the project vicinity range from one to three stories in height. Development generally fully occupies parcels to their lot lines. Farther to the north of the project site, beyond Piers 43½ and 45, is San Francisco Bay.

The project would not substantially change land uses at the site, although it would add about 15,173 gsf of additional restaurant and retail use, removing surface parking, and adding exhibition uses. While the project would increase density on the site, tit would not disrupt or divide the physical arrangement of the Fisherman's Wharf Subarea.

Fisherman's Wharf is an established visitor-serving area. Recent construction in the project area has included expansion of existing buildings such as the three-story Madame Tussaud's Wax Museum

building and the two-story Franciscan restaurant. Development of the project would continue a pattern of renovation and expansion of existing uses that is occurring throughout Fisherman's Wharf. The existing surface parking area (24 spaces) would be removed, consistent with the Port's stated intention in the WLUP to remove parking uses from the Triangle. The project as proposed would be consistent with other retail and visitor-serving uses throughout Fisherman's Wharf and therefore would not have a substantial impact on the character of existing uses in the project vicinity. In view of the above, the project would not have a significant impact on land use.

2. Visual Quality - Could the project:	Yes	No	Discussed
a. Have a substantial, demonstrable negative aesthetic effect?	_	X	X
b. Substantially degrade or obstruct any scenic view or vista now observed from public areas?	_	X	X
c. Generate obtrusive light or glare substantially impacting other properties?	_	X	X

The project site is currently occupied by the one-story Boudin Bakery and Café and surface parking area. The 20-foot-tall building is constructed of brick, stucco and wood, and has four 30-foot-tall turrets, on which are the Boudin Bakery logo. The turrets mark the entrance on both Jefferson Street and The Embarcadero. On the north (Bay) side of the existing building are large windows with views of bakery operations inside and of the Bay outside.

The architectural character in the area is contemporary in style and varies from the brick and wood materials of Boudin Bakery and Café, to the stucco and wrought iron of Madame Tussaud's Wax Museum building across Jefferson Street, to modern wood-framed structures (the Franciscan Restaurant) with a maritime association. Also, the octagon-shaped brick and wood one-story Boudin Café is located at Taylor Street and The Embarcadero on the project block (outside the project boundaries).

The existing building is about 20 feet tall, with four turrets 30 feet tall as noted above. The proposed building would be about 40 feet tall, with a clerestory and louvered mechanical roof that would be about 45 feet tall. The new height would be consistent with the height of buildings across Jefferson Street, Taylor Street, and The Embarcadero, which range from 20 to 40 feet tall.

With regard to scale, the proposed building would, as noted, be about 40-45 feet tall, would be built to the Jefferson Street property line, and would be about 225 feet long. The proposed building would also include about 37 feet of length for an outdoor patio on the west side of the building, and 48 feet of length for the flour silo and loading court on the east side of the building. The proposed building would represent a noticeable change in scale for the project site. However, the two-story project would be of a similar scale to adjacent development on Jefferson Street, Taylor Street and The Embarcadero.

With regard to massing, surrounding development is varied. The Madame Tussaud's Wax Museum provides terraces on the second floor that provide a set back of the three-story building from the street facade. Restaurants across Taylor Street are stand-alone two- and three-story buildings with some

separation among them. The Franciscan Restaurant resembles a ship's hull, with a tapered front façade that appears to widen at the top floors (vertically). The proposed project would have an expanded footprint of approximately 13,500 sq.ft., would be built to the Jefferson Street property line, would resemble a warehouse, and would have a clerestory that extends to 45 feet tall. Views into and through the building would be provided along Jefferson Street. These views into and through the building would provide a contrast to the extended length of the building, and are intended to reduce the perceived mass of the building at the pedestrian level. In summary, the massing of the proposed building would represent a noticeable difference to existing conditions on the project site, although it would be more reflective of newer development across Jefferson Street and would be similar to development across Taylor Street.

In summary, the proposed project would represent a change in the height, scale and massing of the existing project site: replacing a one-story structure and surface parking area with a two-story structure built to the sidewalk with an adjacent patio and a silo structure. However, the proposed project would be consistent with the height, scale and massing of surrounding development: constructing a two-story 40- to 45-foot-tall building in an area of two- to three-story buildings constructed to the sidewalk (except for the separate, existing octagon-shaped Boudin Café on the northwest corner of the project block). The new height, scale, and massing of the proposed project would fall within the range of existing development, and therefore, the project would not have a substantial adverse aesthetic impact.

Views of the Project Site

Existing scenic views or vistas from public areas include short-range views from Jefferson Street towards and across the project site to the Bay and long-range views from the higher elevations of Telegraph Hill at Coit Tower, southeast of the site. Because the project vicinity is flat and developed except for the surface parking lots on the Triangle, views to the site from other close-in locations are restricted due to existing structures adjacent to the site. However, the site is clearly visible from Jefferson and Powell Streets, and Jefferson and Taylor Streets, both near the site. Photographs illustrating representative views including the project site from three locations in the project vicinity, without and with the project, are shown in Figures 5-7, pp. 15 through 17.

Telegraph Hill at Coit Tower. The view from Telegraph Hill at Coit Tower (see Figure 5) looking northwest and downhill toward the project site includes the Golden Gate Bridge, Marin County, Angel Island, San Francisco Bay, the Presidio, Aquatic Park and the Fisherman's Wharf area. Structures immediately surrounding the project site include a mix of low-rise commercial/retail, office, and residential buildings. From this viewpoint, piers along the waterfront, the Bay, and Fisherman's Wharf are visible.

From Telegraph Hill, the proposed project would not be noticeable from Coit Tower. Because the height of the new building would be similar to that of existing development in the vicinity of the project site, and because the presence of intervening buildings, the proposed project would not introduce a new element on the City's skyline and would not substantially alter views. The project would not substantially degrade or obstruct a scenic view from public areas.

Jefferson Street near Powell Street. Views from Jefferson Street near Powell Street (see Figure 6) include Madame Tussaud's Wax Museum, the Jefferson Street corridor, the project site, a surface parking lot, Fisherman's Wharf, and the Franciscan Restaurant. Partially visible beyond the project

Existing Project

Site

Proposed Project

Site

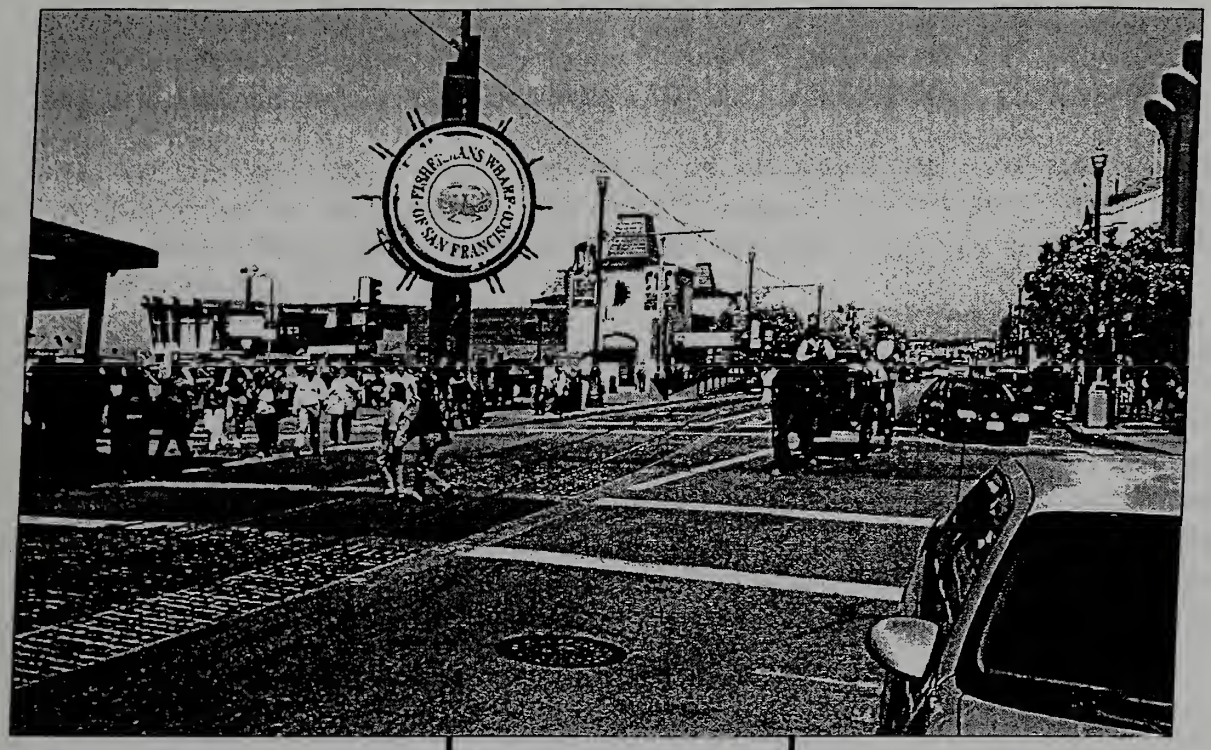
Source: Square One Productions and EIP Associates, 2003

FIGURE 5

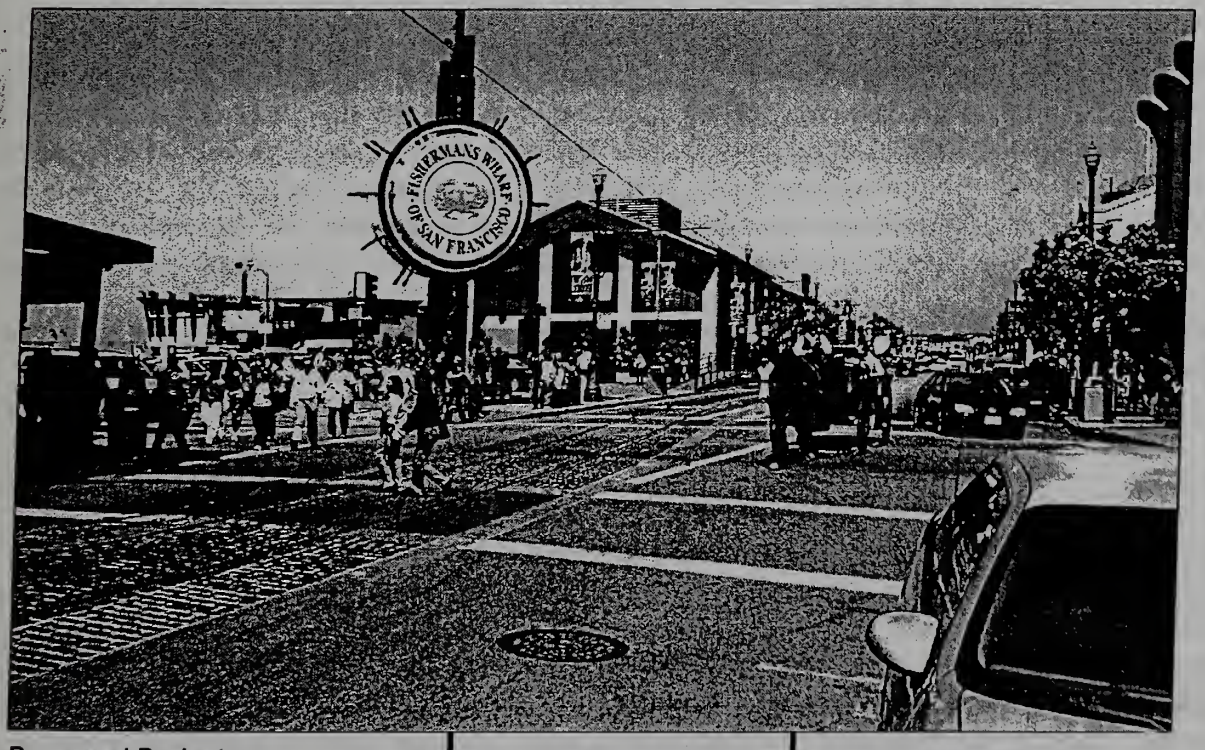
View from Telegraph Hill at Chestnut Street

Source: Square One Productions and EIP Associates, 2003

FIGURE 6
View West on Jefferson Street at Powell Street



Existing Project — Existing Building



Proposed Project — Proposed Building

Source: Square One Productions and EIP Associates, 2003

FIGURE 7
View East on Jefferson Street at Taylor Street

site is the Alioto's Restaurant sign and the Fisherman's Grotto Restaurant sign, both along Taylor Street. Distant intermittent views include San Francisco Bay.

Along Jefferson Street near Powell Street, the view of the existing one-story structure would be replaced by the proposed two-story structure. The Alioto Restaurant sign and the Fisherman's Grotto Restaurant sign beyond the project site would be further obstructed from this viewpoint by the proposed two-story building.

However, the proposed project would not substantially degrade or obstruct scenic views from public areas, at this viewpoint.

Jefferson Street near Taylor Street. The project site is approximately 200 feet east of the northeast corner of Jefferson and Taylor Streets (see Figure 7). Views from Jefferson Street near Taylor Street include street-level seafood vendors at the northwest corner, the Fisherman's Wharf sign at the northeast corner, the project site, a surface parking lot, the Franciscan Restaurant, the Jefferson Street corridor, and A. Sabella's Restaurant at the southeast corner. Distant views include the San Francisco Bay and Pier 39.

In this view, the existing structure would be replaced by the larger proposed two-story structure. From this view, the proposed project would not substantially degrade or obstruct a scenic view from public areas.

The project would change views to and from the project site. As seen from east and west of the project site (in Figures 6 and 7) the existing one-story structure of approximately 20 feet in height would be replaced by the proposed two-story structure of approximately 40 feet in height. The structure would introduce a new longer building frontage on the north side of Jefferson Street. The overall scale would be comparable in height to other nearby buildings, such as the three-story Madame Tussaud's Wax Museum on Jefferson Street directly across from the project site or the A. Sabella's Restaurant.

The proposed project would not substantially degrade or obstruct scenic views or vistas from public areas such as Aquatic Park about three to four blocks west, because the project site is blocked from view by the existing development.

Views from the Project Site

The viewshed boundaries from the project site are the urban edge of San Francisco and The Embarcadero, and parts of the San Francisco waterfront. From the project site, viewers have intermittent views of Pier 39, Alcatraz Island, Angel Island, and Marin County, in between existing buildings and waterfront features. Views of Nob Hill can also be seen looking southeast from the project site. The proposed project would provide an open view from Jefferson Street looking north from the Madame Tussaud's Wax Museum, to the ferry piers, the Franciscan Restaurant, and San Francisco Bay through a large two-story glass wall, at the midpoint of the new building along Jefferson Street. The project would not substantially degrade or obstruct any scenic views.

Brightly lit storefronts, signs, and street lighting all contribute to existing nighttime lighting conditions in the project vicinity. Nighttime lighting at the project site would change from security lighting for the existing retail uses and parking lot, to nighttime lighting for the retail and restaurant uses, and would not be substantially different from the existing nighttime lighting in the project vicinity.

Windows would use non-reflective glass, and would not be a substantial source of glare. Therefore, the proposed project would not create new obtrusive light and glare that would significantly impact other properties.

3. Population - Could the project:	Yes	No	Discussed
a. Induce substantial growth or concentration of population?	_	X	X
b. Displace a large number of people (involving either housing or employment)?	_	X	_
c. Create a substantial demand for additional housing in San Francisco, or substantially reduce the housing supply?	_	X	X

The project site consists of the existing building and an attended surface parking area. The existing building contains Boudin Bakery and Café and a souvenir shop. The existing Boudin Bakery and Café and souvenir shop employ approximately 10 off-peak and 22 peak full-time equivalent employees (FTEs). No residential uses are on the site.

The development of approximately 24,993 gsf of expanded bakery, restaurant and retail uses, and new exhibition space would result in approximately 73 FTE employees, a net increase of about 50 FTEs. [3] During construction, the project would temporarily displace about 10 off-peak to 22 peak FTE jobs at the existing bakery, souvenir shops and parking lot.[4] The increase in employment would not be significant relative to the amount of employees within the project vicinity; nor would it be significant with regard to expected increases in employment of San Francisco. Therefore, the proposed project would not be expected to induce substantial population growth. The project would provide about 50 new restaurant and service jobs in the City.

The existing site does not contain housing, and the proposed bakery and restaurant would not include housing. The increase of approximately 50 FTEs in relation to the overall population and housing supply in San Francisco would not necessitate a substantial demand for additional housing in the City.

In view of the above, the proposed project would not create a substantial demand for additional housing or reduce the housing supply in San Francisco.

4. Transportation/Circulation – Could the project:	Yes	No	Discussed
a. Cause an increase in traffic which is substantial in relation to the existing traffic load and capacity of the street system?	_	X	X
b. Interfere with existing transportation systems, causing substantial alterations to circulation patterns or major traffic hazards?	_	X	X

c.	Cause a substantial increase in transit demand which cannot be accommodated by existing or proposed transit capacity?	_	X	X
d.	Cause a substantial increase in parking demand which cannot be accommodated by existing parking facilities?	_	X	X

Under the supervision of the Planning Department, a transportation study was prepared to evaluate the transportation impacts of the proposed project.[5] At the same time, the San Francisco Department of Parking and Traffic has been conducting a traffic data and parking survey for the larger Fisherman's Wharf Subarea. The report for this project confirmed that the assumptions, including seasonality factors, were appropriate and closely represented the conditions that DPT found. The following discussion describes the existing roadways in the vicinity of the project site. Figure 8 depicts the roadways, the study area, and core parking area, generally bounded by North Point Street, Taylor Street, and The Embarcadero.

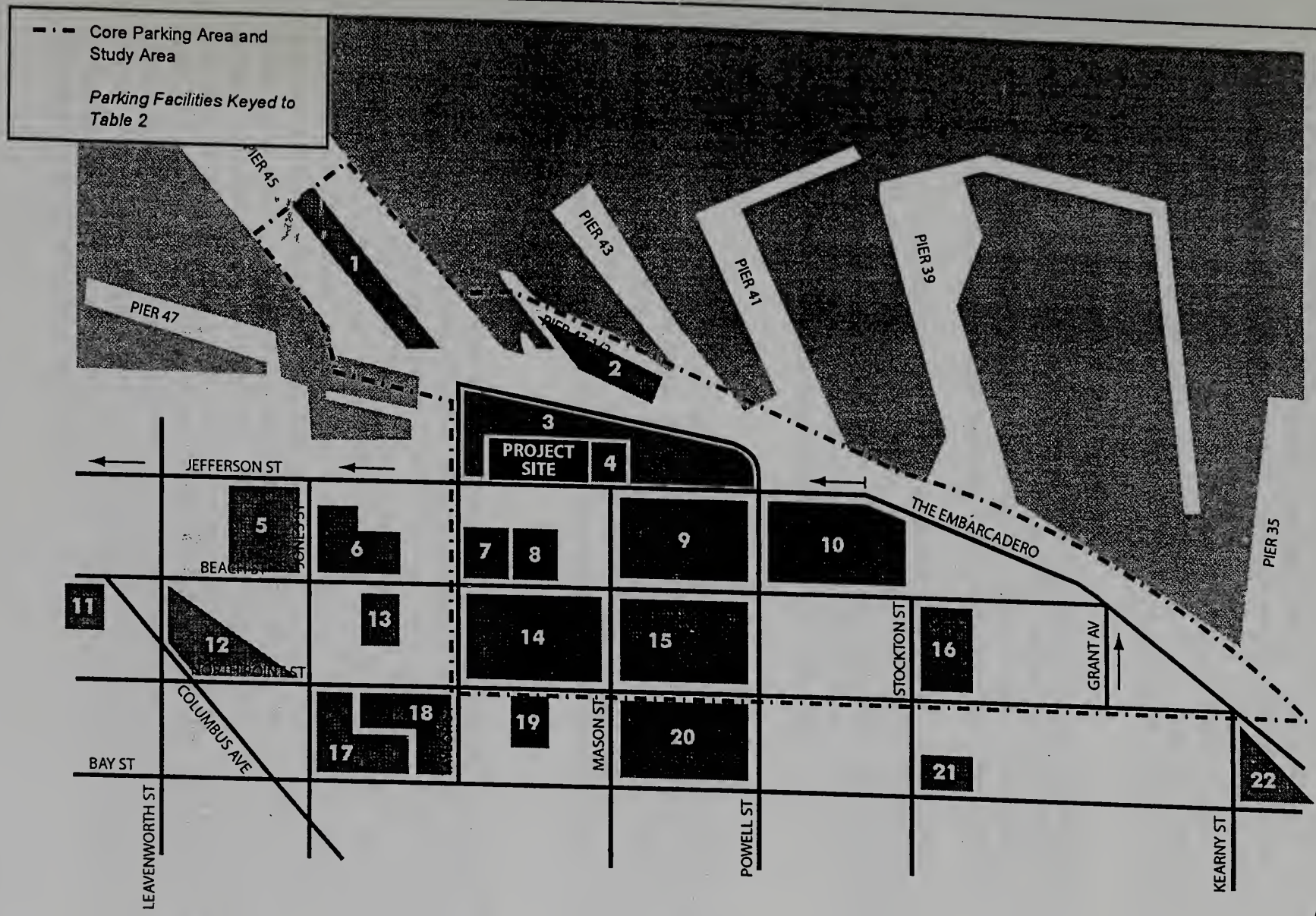
Roadways

The Embarcadero. The Embarcadero serves as a major access route to the study area from King Street and I-280 in the southern waterfront and from downtown San Francisco. In general, The Embarcadero has two to three travel lanes in each direction, with a center median for MUNI's F-Market and N-Judah streetcar lines (dedicated right-of-way). In the vicinity of the project, The Embarcadero is two-way with one travel lane in each direction between Powell Street and Taylor Street. In this segment, The Embarcadero has tour bus loading and an eight-foot sidewalk on the north side of the street and no on-street parking and no sidewalk on the south side of the street.

The San Francisco General Plan designates The Embarcadero south of Jefferson Street as a Major Arterial, a Transit Preferential Street,[6] a Neighborhood Pedestrian Street and a Congestion Management Network street.[7] Furthermore, between North Point and Jefferson Streets, The Embarcadero is designated as a Recreational Street.[8] The Embarcadero is also part of the Bay, Ridge and Coast Trail, a recreational pedestrian/bicycle path connecting Bay Area cities. Class II (striped) bicycle lanes run along both sides of the street (Route #5).

Jefferson Street. Jefferson Street is an east-west roadway from The Embarcadero to Hyde Street. In the project vicinity, Jefferson Street is a one-way street, providing two westbound travel lanes plus an exclusive F-Line streetcar-only lane on its north side. Jefferson Street is a heavily traveled pedestrian street in the Fisherman's Wharf area. On-street metered parking, with one- or two-hour limits, is provided on the south side. Jefferson Street is designated as a Recreational Street, a Transit Preferential Street, and a Neighborhood Pedestrian Street in the *General Plan*.

Beach Street. Beach Street is a two-way east-west roadway from The Embarcadero on the east to Polk Street. In the project vicinity, Beach Street provides one travel lane in the westbound direction and one travel lane plus an exclusive MUNI F-Line streetcar-only lane in the eastbound direction. On-street metered parking is provided on the north side in the vicinity of the Proposed Project. It is identified as a Recreational Street, a Transit Preferential Street and a Neighborhood Pedestrian Street in the *San Francisco General Plan*.



Source: Wilbur Smith Associates

FIGURE 8
Public Off-Street Parking Facilities

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Taylor Street. Taylor Street is a north-south street from The Embarcadero to Market Street, near Sixth Street. Taylor Street is closed to vehicles from Bay Street, to Francisco Street where the Powell-Mason Cable Car line turnaround is located. The cable car line operates on Taylor Street from Bay Street to Chestnut Street. Taylor Street is two-way street between Jefferson Street and Bay Street with one lane each way and metered parking on both sides of the street. There is a loading zone on the west side of the street between The Embarcadero and Jefferson Street. The *San Francisco General Plan* identifies Taylor Street, north of Columbus Avenue, as a Neighborhood Pedestrian Street and a Transit Preferential Street.

Mason Street. Mason Street is a north-south street from Jefferson Street to Market Street. The two-way street provides one travel lane in each direction. On-street parking in the vicinity of the Proposed Project generally consists of one-hour and half-hour metered spaces. Truck loading and unloading zones are provided between Jefferson Street and Beach Streets along both sides of the street.

Powell Street. Powell Street is a north-south street from The Embarcadero/Jefferson Street to Market Street, near Fifth Street. Near the Project Site, the two-way street has one travel lane in each direction and one-hour metered parking on both sides. Powell Street is identified in the San Francisco General Plan as a Transit Preferential Street between Jackson and Market Streets, with tracks for the Powell-Mason and Powell-Hyde Cable Car lines located in the center of the street.

Intersections

Intersection Level of Service. The transportation study evaluated seven intersections in the project vicinity. Beach Street/Taylor Street, Beach Street/Mason Street, Beach Street/Powell Street, Beach Street/The Embarcadero/Grant Avenue, Jefferson Street/Taylor Street, Jefferson Street/Mason Street, and Jefferson Street/Powell Street. All of these intersections currently operate at LOS D or better; defined as acceptable conditions by the City and County of San Francisco (see Table 4, p. 27).

Parking

Parking Conditions. The off-street parking facilities within the study area provide approximately 4,543 spaces, including attendant parking spaces. Parking during peak tourist seasons typically uses 90% of the available off-street parking capacity. The parking core area (see Figure 8) which is bounded by the San Francisco Bay, Taylor and North Point Street, accounts for most of the parking activity with an overall utilization of 95 percent; the non-core parking area, outside the core area and bounded by San Francisco Bay, Hyde Street, Columbus Avenue and Bay Street, has an overall parking utilization of 85 percent. On street parking within the study area is mostly regulated, short-term (two-hour maximum). Based on surveyed visitors and the observed presence of parking control officers (PCO), parking regulations in the area are strictly enforced. During observations of off-street parking activities during February and March 2003, on-street parking was generally fully occupied. Parking facilities in the study area that implement attendant parking services typically increase their capacity by about 20 to 60 percent depending on the layout of their facilities. Off-street public parking facilities within the project vicinity are depicted in Figure 8 and described in Table 2. Overall parking occupancy rates in the Fisherman's Wharf area at those parking facilities which were evaluated by DPT and the transportation consultant are 89 and 90 percent, respectively.

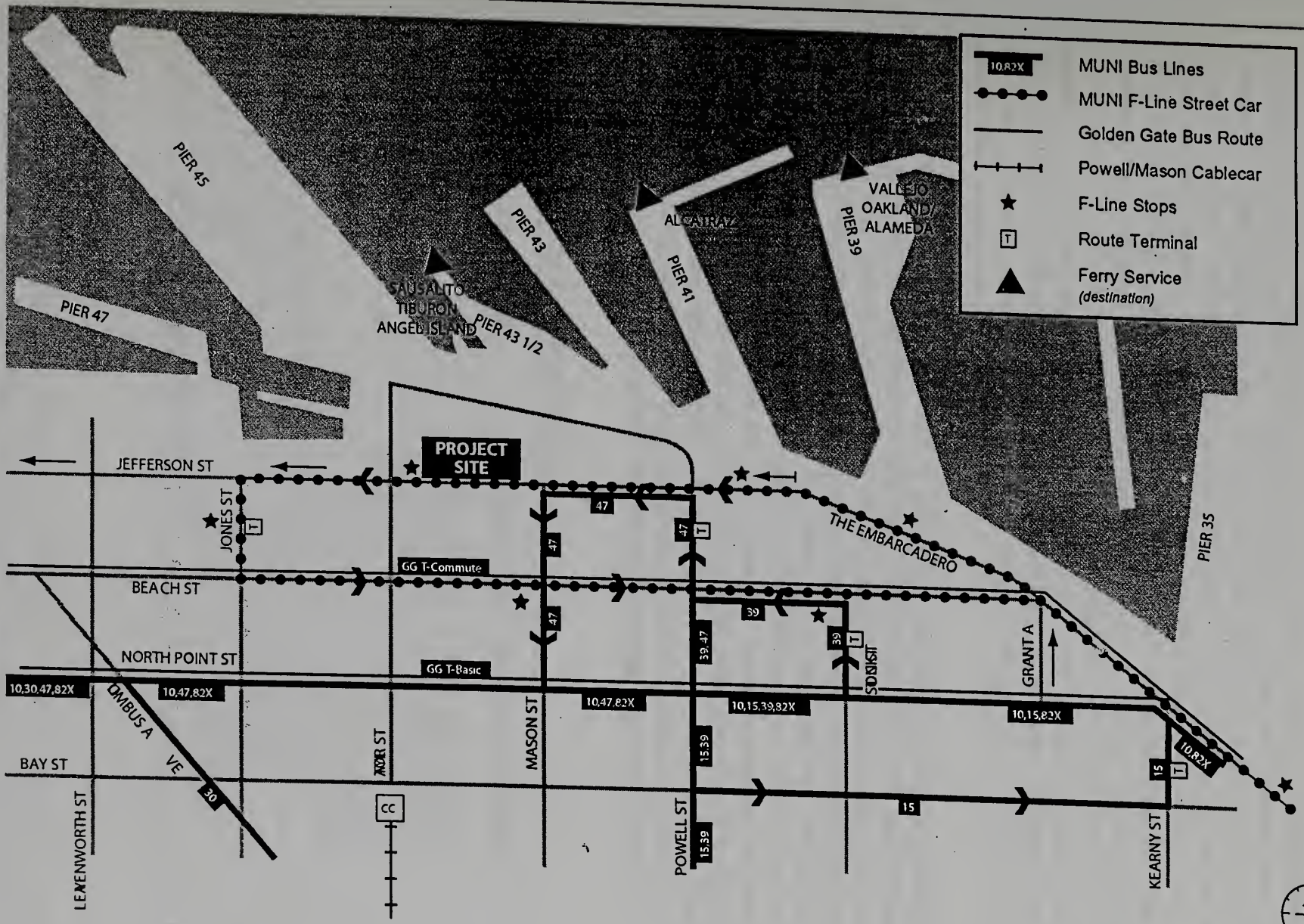
Table 2
Public Off-Street Parking Supply and Utilization Typical Weekend Midday Conditions

Number[1]	Name	Location	Type	Supply	Occupancy
1*	Pier 45 Shed A	Embarcadero/Taylor	Lot	185	88%
2*	Pier 43½	Embarcadero (Taylor-Mason)	Lot	100	88%
3*	Triangle Lot	Embarcadero/Taylor/Jefferson	Lot	266	100%
4*	Mason St./Jefferson St. Lot	Jefferson/Mason	Lot	50	100%
5	The Anchorage	Beach (Leavenworth-Jones)	Garage	623[3]	84%
6	Fisherman's Wharf Parking	Beach (Jones-Taylor)	Lot	190	87%
7*	2720 Taylor St. Bldg.	Beach (Taylor-Mason)	Garage	30	100%
8*	The Wharf Parking	Beach (Taylor-Mason)	Garage	215[5]	88%
9*	Radisson Hotel	Beach (Mason-Powell)	Garage/Lot	140	88%
10*	Pier 39 Parking	Beach/Embarcadero	Garage	980	100%
11	655 Beach St.	Beach (Hyde-Columbus)	Garage	117	84%
12	Holiday Inn Hotel	North Point/Columbus	Garage/Lot	210	84%
13	Nunzio Alioto Galleria	Beach (Jones-Taylor)	Garage	24	100%
14*	Longshoreman's Union Hall	North Point (Taylor-Mason)	Lot	66	88%
15*	Sheraton Hotel	Beach (Mason-Powell)	Garage	275	88%
16*	Academy of Art College	Beach/Stockton	Garage	120	88%
17	Hilton Hotel	Bay (Jones-Taylor)	Garage	155	84%
18	Hyatt Hotel	North Point (Jones-Taylor)	Garage	100	84%
19	Cost Plus Garage	North Point (Taylor-Mason)	Garage	105	84%
20	North Point Center	Mason (Bay-North Point)	Garage	340	87%
21	2210 Stockton St.	Stockton (Bay-North Point)	Garage	147	84%
22	(Seawall Lot 314)	Bay (Embarcadero-Kearny)	Lot	105	84%
Subtotal for Core Parking Area				**2,427**	**95%**
Subtotal for Non-Core Parking Area				**2,116**	**85%**
All Facilities				**4,543**	**90%**

Source: Wilbur Smith Associates, June 2003
Notes:
1. See Figure 8 for location. Asterisk (*) denotes that facility is within core parking area
2. Includes spaces provided with attendant parking.
3. Additional 43 spaces reserved for car rental services.
4. Private parking on weekdays.
5. Additional 25 reserved spaces.

Transit Service

The proposed project area is served by several transit providers including MUNI, Golden Gate Transit, AC Transit, BART, SamTrans and Caltrain (Figure 9). MUNI operates five motor coach bus lines, one electric trolley bus line, one electric streetcar line, and cable car lines in the vicinity of the proposed project including the 10-Townsend, 15-Third, 30-Stockton, 39-Coit, 42-Downtown Loop, 82X-Presidio and Wharves Express, and the F-Market and Wharves streetcar service to Fisherman's Wharf. Table 3, p. 25 describes the nearest stop locations for these lines. The 82X-Presidio and Wharves Express provides weekly peak-hour peak-direction service only.



Source: Wilbur Smith Associates

FIGURE 9
Existing Transit Network

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2003.0186E: 160 J rson Street Project

Golden Gate Transit, operated by the Golden Gate Bridge, Highway and Transportation District (GGBHTD), provides bus service between the North Bay (Marin and Sonoma Counties) and San Francisco. Golden Gate Transit runs 27 routes into San Francisco, including 19 commute routes and eight basic routes. Basic and commute routes operate in the vicinity of the project site, along North Point and Beach Streets, with stops at Beach/Taylor, Beach/Stockton, North Point/ Jones and North Point/Stockton. BART operates heavy rail passenger service in the San Francisco Bay Area. In downtown San Francisco, BART operates under Market Street. The BART station closest to the project site is The Embarcadero Station, with nearby connections to the MUNI F-line to reach the project site. Regional transit service is provided by AC Transit, primary bus operator for the East Bay, and SamTrans, primary public transit operator for San Mateo County. Regional access via these providers is provided at the Transbay Terminal. From the vicinity of the Transbay Terminal, the MUNI F-line provides service to the project site.

The ferry service at Fisherman's Wharf is generally recreational with limited commuter service available. Most of the commute service is provided at the Ferry Building, at the foot of Market Street. Golden Gate Transit operates ferry services between the North Bay and San Francisco. During the morning and evening commute periods, ferries are operated between Larkspur and San Francisco and between Sausalito and San Francisco. The San Francisco terminal is located at the Ferry Building, near Market Street and The Embarcadero. Approximately 1,400 passengers ride the ferry to Larkspur and approximately 340 passengers ride the ferry to Sausalito during the weekday PM peak hour. In addition, the Blue & Gold fleet operates ferry service between San Francisco and Alameda/Oakland, Vallejo, Sausalito, Tiburon and Angel Island. Service is provided from the Ferry Building and Pier 41 at Fisherman's Wharf. The Blue and Gold fleet also provides ferry service to Alcatraz from Pier 41. In addition, the Red and White fleet provides recreational sightseeing services from Pier 43 ½.

Table 3
MUNI Service in the Project Vicinity

Route Name and Number	Vehicle Type	Nearest Stop Location
10-Townsend	Motor coach	North Point / Mason
15-Third	Motor coach	North Point / Powell
30-Stockton	Trolley bus	North Point / Columbus
39-Coit	Motor coach	North Point / Powell
47-Van Ness	Motor coach	North Point / Stockton
82X-Presidio and Wharves Express	Motor coach	Beach / Mason
F-Market and Wharves	Streetcar	Beach / Jones
PM-Powell-Mason	Cable Car	Bay / Taylor
PH-Powell-Hyde	Cable Car	North Point / Hyde

Source: SF MUNI, Wilbur Smith Associates, June 2003.

Pedestrian Conditions

The project site is in the center of the tourist area of Fisherman's Wharf, where nearly all access to businesses and attractions is by walking, either from cable cars, streetcars, buses, parked autos or hotels. The Embarcadero, Jefferson Street and Beach Street are the major pedestrian routes in the

vicinity of the project site. Pedestrian activity levels are generally light in the early morning, and increase following the opening of businesses between 9:00 and 10:00 AM. Pedestrian conditions were assessed for the weekend midday peak hour for the crosswalks at the intersections of Jefferson Street/Mason Street and Jefferson Street/Taylor Street. Pedestrian conditions were also evaluated along the north side and south side sidewalks on Jefferson Street between these two intersections. Both study intersections are controlled by traffic signals that include pedestrian signal heads, as well as an all-WALK signal phase when pedestrians can cross both streets in any direction, including diagonally.

Table 6, p. 30, presents the results of the intersection LOS analysis for the existing weekend midday peak-hour pedestrian conditions. As Table 6 indicates, all of the study crosswalk and sidewalk locations operate at LOS D or better during the weekend midday peak hour. The effective width of some of the crosswalks were assumed to be doubled to account for the effects of the 22-second all-WALK traffic signal phase during which all traffic is stopped and pedestrians are allowed to travel in any direction, including diagonally. The effective width of the east crosswalks at Taylor and Mason Streets have not been adjusted because pedestrians are allowed to cross Jefferson Street at the same time as northbound and southbound traffic is moving. Under the conditions shown in Table 6, pedestrians are able to move in a reasonably fluid manner, but with considerable friction and interaction. The freedom to select individual walking speeds and to bypass other pedestrians is restricted.

It should also be noted that pedestrians may experience congested conditions unrelated to the project at other narrow sidewalk locations in the Fisherman's Wharf area, further away from the project site, on the south side of Jefferson Street between Jones and Taylor Streets, or the north side of The Embarcadero between Taylor and Powell Streets.

Bicycle Conditions

The Embarcadero is a popular route for bicyclists due to its waterfront setting, flat grade and the intermodal opportunities with ferry service, BART and MUNI Metro service at the Embarcadero station, and the Caltrans Bay Bridge Bike shuttle service to the Transbay Terminal. San Francisco Bicycle Route No. 5 runs in both directions along The Embarcadero, with on-street bicycle lane (Class II facility) between Broadway and North Point Street. Bicycle Route No. 5 ends in the vicinity of the proposed project site at The Embarcadero/North Point Street intersection. Bicycle Route No. 2 continues in both directions on North Point Street, although bicyclists share the travel lane with vehicular traffic (Class III facility). During field observations on weekends, bicycle conditions were observed to be operating acceptably, with only minor conflicts between bicyclists, pedestrians and vehicles. Some bicyclists were observed traveling on the sidewalk along The Embarcadero, rather than within the designated bicycle lanes on the roadway, although conflicts between pedestrians and bicyclists were not observed. There is reduced bicycle activity near the proposed project site most likely due to the high pedestrian volumes, outdoor restaurant seating and the presence of MUNI's F-Line streetcar tracks.

Traffic Impacts

Traffic – Existing-Plus-Project. The proposed project would generate seven inbound and 19 outbound new vehicle trips during the weekend midday peak hour. The resulting volumes at the study intersections are presented in Table 4. In general, the addition of project-generated traffic would result

in minor increases in the average delay per vehicle at the study intersections. All intersections would continue to operate at the same LOS as under Existing conditions, and would operate at LOS D or better. Therefore the project would not create substantial traffic or result in substantial circulation alterations.

Table 4
Intersections Level of Service: Existing, Existing-Plus-Project, and Cumulative for Weekend Mid-Day Peak-hour Conditions

Intersection	Existing (2003)		Existing+Project		Cumulative (2020)	
	Delay [1]	LOS	Delay [1]	LOS	Delay [1]	LOS
Beach Street/Taylor Street	17.7	B	18.0	B	20.8	C
Beach Street/Mason Street	13.6	B	13.6	B	14.3	B
Beach Street/Powell Street	35.5	D	37.9	D	52.2	D
Beach St./The Embarcadero/Grant Ave.	29.8	C	30	C	42.5	D
Jefferson Street/Taylor Street [2]	35.7	D	36	D	43.7	D
Jefferson Street/Mason Street [3]	21.4	C	21.4	C	23.8	C
Jefferson Street/Powell Street [3]	19.8	B	19.8	B	20.3	C

Source: Wilbur Smith and Associates, June 2003.

1. Delay presented in seconds per vehicle.
2. The saturation flow at this location has been reduced by 30% to account for substantial pedestrian congestion and limited pedestrian storage area.
3. The saturation flow at this location has been reduced by 10% to account for jaywalkers.

Traffic-Cumulative (2020). For this analysis, existing traffic volumes were increased based on a compound annual growth rate derived from the cumulative development analysis being conducted in the area as part of the Piers 27-31 project. The traffic volumes at the study intersections would increase slightly as would the average delay per vehicle, as shown in Table 4.[9] The study intersections would continue to operate at the same LOS as with Existing and Existing-plus-Project conditions, except for the intersections of Beach Street/Taylor Street and Jefferson Street/ Powell Street where the LOS would change from LOS B to LOS C, and the intersection of Beach Street/The Embarcadero/Grant Avenue where the LOS would change from LOS C to LOS D. All study intersections would operate at an acceptable LOS (D or better) during the 2020 weekend midday peak-hour conditions.

Therefore the project location would not create substantial cumulative traffic or alter cumulative circulation patterns.

Transit Impacts. The proposed project would generate an additional 49 net new transit trips during the weekend midday peak hour. This estimated demand would generally be split approximately 30 percent inbound to the site, and 70 percent outbound from the site, and would be split over the existing transit lines that serve the project area, including the MUNI F-Line streetcar and the Powell-Mason cable car lines. Assuming that all transit riders generated by the Project would use the F-line streetcar service, a conservative assumption, the addition of project-generated transit riders generally would result in minor increases in the average and maximum load factors.[10] The average load factors are below 1.00 under existing conditions and would continue to be the same under Existing-plus-Project conditions. The maximum load factors would increase by approximately five percent under Existing-plus-Project conditions when compared to current conditions. As a result, the addition of the 49 Proposed Project-generated transit trips would not result in any substantial transit impacts.

Potential conflicts between automobile traffic and F-line streetcars on Jefferson Street would be reduced as a result of the elimination of the driveway entrance to the Mason Street/Jefferson Street surface parking lot. Currently, motor vehicles entering and exiting the facility have to travel across the rail tracks and have, in some instances during peak demand conditions, been blocking the tracks while waiting to pay and receive their ticket receipt. These conflicts would be reduced as a result of the closure of the parking lot entrance. A new driveway would be located at approximately the same location as the driveway entrance to the Mason Street/ Jefferson Street surface parking lot but would be approximately half the width (approximately 12 feet wide). This driveway would provide access to the loading court, replacing the existing loading dock driveway.

Parking Impacts. The proposed project would not provide any on-site parking spaces and would eliminate 24 existing parking spaces currently located at the project site. The proposed project would generate a net new total parking demand for 25 spaces, 14 of which would be for long-term parking for employees and 11 spaces for short-term visitor parking. The projected parking demand would need to be accommodated by other off-street or on-street parking facilities in the vicinity of the project site. In addition, elimination of 24 existing parking spaces from the site would shift the current use of the parking supply to other facilities. This shift would result in an increase in parking occupancy at nearby facilities that are not currently fully occupied (e.g., Pier 43½, Pier 45 or The Wharf Parking).

Based on the proposed land uses and total occupied floor area, the San Francisco *Planning Code* would require the proposed project to provide 42 independently accessible parking spaces. Since the Proposed Project would not provide any parking, it would not meet the *Planning Code* requirements. Section 161(f) of the *Planning Code* allows for a reduction in off-street parking for projects located in the Waterfront SUD-1. Such a reduction would be made by the Planning Department after a determination by the Planning Director.

Table 5 compares parking supply and occupancy under Existing and Existing-plus-Project scenarios for the typical weekend midday conditions. The table includes all off-street public-parking facilities in the project vicinity, grouped by location. Facilities closer to the proposed project are included within the core parking area, which is bounded by Taylor Street to the west, North Point Street to the south and the San Francisco Bay to the north and east. As shown in Table 5, the change in parking occupancy at facilities serving the project site, including the elimination of the existing parking supply, would not be substantial (a one percent increase overall and a two percent increase within the core parking area) and could be accommodated by those facilities that have available parking in the project vicinity, such as the Pier 43 1/2 , Pier 45 or The Wharf Parking. Therefore the project would not result in substantial increase in parking demand. For the cumulative condition, the proposed project would increase parking demand and represent 1.2 percent (about 2.1 percent in the core parking area) of the total weekend midday peak parking demand. This falls within the normal variation of parking demand on any given day and would not measurably contribute to a potential parking deficit in the area.

Although the project would not result in significant parking impacts, the following parking improvement measures are recommended for implementation by the Project Sponsor to reduce the project's effect on parking shortfall:

- Encourage project employees to use alternate modes of travel. The Project Sponsor could provide reduced rate or free transit passes.

- Provide on-site transit information (such as schedules, fare guides and maps) and provide transit maps and directions from transit at the Project Sponsor website (http://www.boudinbakery.com).

Table 5
Existing and Existing-plus-Project Public Off-Street Parking Supply and Utilization
Typical Weekend Midday Conditions

Location	Existing			Existing-plus-Project		
	Supply [2]	Demand	Occupancy	Supply [2]	Demand	Occupancy
Core Parking Area [1]	2,427	2,298	95%	2,403	2,323	97%
Non-Core parking Area	2,116	1,803	85%	2,116	1,803	85%
Total	**4,543**	**4,101**	**90%**	**4,519**	**4,126**	**91%**

Source: Wilbur Smith Associates, June 2003.

Notes:

1. The core parking area is bounded by Taylor Street to the west, North Point Street to the south and the San Francisco Bay to the north and east. The non-core parking area is farther west and south of the core parking area and is bounded by Jefferson Street to the north, Hyde Street to the west, Bay Street to the south, and The Embarcadero to the east.
2. Includes spaces provided with attendant parking.

Pedestrian Impacts. The volume of pedestrians generated through implementation of the proposed project was based on mode split information provided by the Planning Department, and includes trips by foot from nearby hotels or other destinations, as well as walk trips to the project site from nearby parking locations and public transit stops. During the weekend midday peak hour there would be a total of 62 inbound and 100 outbound person-trips. It should be noted that almost all of these trips would be by persons already in the Fisherman's Wharf area.

Table 6 presents the results of the crosswalk analysis for the two study intersections plus two sidewalk locations. The addition of project-generated pedestrian traffic would not substantially impact conditions at any of these locations, but due to the increase in pedestrians at these locations, there would be some reduction in the number of square feet per pedestrian at the crosswalks. However, all locations would continue to operate at the same LOS as under existing conditions. Therefore the project would not result in substantial effects on pedestrian circulation.

Bicycle Impacts. The proposed project would provide approximately 12 publicly-accessible bicycle parking spaces, located in the northwest corner of the site's outdoor seating area. These spaces would be available to both customers and employees. As described above, the proposed project would result in an increase in the number of vehicles in the vicinity of the site. However, this increase would not, in itself, be substantial enough to affect bicycle travel in the area. There would be an increase in freight loading and unloading activity at the freight loading court driveway, which may result in more truck and bicycle conflicts. The driveway, however, would only be 12 feet wide (narrower than the existing surface parking lot driveway), would not access onto a designated Citywide Bicycle Route and would not create particularly hazardous conditions for bicyclists or otherwise substantially interfere with bicycle accessibility to the site and to adjoining areas.

Table 6
Existing and Existing-plus-Project Pedestrian Level of Service Weekend Midday Peak-hour Conditions

Analysis Location	Existing		Existing-plus-Project	
	Measure of Effectiveness (1)	Level of Service	Measure of Effectiveness (1)	Level of Service
Jefferson Street / Taylor Street Intersection				
North Crosswalk[2]	15 sq.ft./ped.	D [(2)]	15 sq.ft./ped.	D [(2)]
East Crosswalk[3]	46 sq.ft./ped.	B	45 sq.ft./ped.	B
South Crosswalk[2]	27 sq.ft./ped.	C [(2)]	27 sq.ft./ped.	C [(2)]
West Crosswalk[2]	44 sq.ft./ped.	B	44 sq.ft./ped.	B
Jefferson Street / Mason Street Intersection				
East Crosswalk[3]	62 sq.ft./ped.	B	61 sq.ft./ped.	B
South Crosswalk[2]	40 sq.ft./ped.	B	40 sq.ft./ped.	B
West Crosswalk[2]	49 sq.ft./ped.	B	48 sq.ft./ped.	B
Jefferson Street Sidewalk Mid-block				
South side	12 ped./min./ft.	D	12 ped./min./ft.	D
North side	9 ped./min./ft.	C	9 ped./min./ft.	C

Source: Wilbur Smith Associates, June 2003.

Notes:

1. Presented as *Square Feet per Pedestrian* for the Maximum Surge conditions for crosswalk locations and as *Pedestrians per Minute per Foot* for the Platoon conditions for sidewalk location.
2. In consultation with DPT staff, the effective width of this crosswalk has been doubled to account for the effects of the all-WALK traffic signal phase during which all traffic is stopped and pedestrians are allowed to travel in any direction, including diagonally.
3. The effective width for the east crosswalk has not been adjusted because pedestrians are allowed to cross Jefferson Street at the same time as northbound and southbound traffic is moving.

The project would not exceed 25,000 gsf, and consistent with Planning Code, the project would not be required to provide showers or clothes lockers for bicyclists (Planning Code Section 155.3) or bicycle parking spaces (Planning Code Section 155.4).

Loading Impacts. Loading impacts were assessed by comparing the proposed loading space supply to the Planning Code requirements and estimated demand during an average loading hour. The proposed project would provide an off-street freight loading court area located at the east end of the building with direct access to Jefferson Street for all truck deliveries. The loading court dimensions would be 48 feet wide by 58 feet long and would be open except at the silo bridge. The clearance below the bridge would be 15 feet. The dimensions of the loading court area would permit a single-unit truck with a 40-foot turning radius to pull forward when entering, turn around in the loading court, and exit the site driving forward. This design would reduce the potential for disruption to traffic flow on Jefferson Street and interruptions to service of the adjacent F-Market streetcar line. Although the loading court could accommodate three delivery vehicles at one time, only one vehicle would be able to turn around inside. The new driveway would be located at approximately the same location as the existing surface parking driveway but would be approximately half the width (12 feet). Deliveries would be off-loaded from the trucks or vans and brought to the loading dock area by means of hand trucks and fork lifts. The proposed project would have a separate enclosed garbage room located at the

northwest corner of the building. Port staff and the Project Sponsor have agreed, subject to confirmation from Golden Gate Debris Service, that the garbage pick-up point would be located at the northwest corner of the building.

The Project Sponsor anticipates that no more than three or four truck deliveries would be scheduled per day, occurring between 7:00 and 10:00 AM, and generally before the peak periods of tourist-generated traffic. Most of the deliveries would be made by 40-foot single unit truck or smaller vehicle, with one early morning delivery by a 50-foot truck per week very early in the morning. It is estimated that the Proposed Project would generate a demand for 0.3 loading spaces during an average hour, and 0.4 spaces during the peak hour of loading activities. Both the average hour and the peak-hour demands would be accommodated within the proposed loading courtyard. Based on Section 152 of the Planning Code, one off-street loading space would be required for the proposed project. The proposed project would meet the Planning Code requirements for off-street freight loading facilities.

The project frontage on Jefferson Street would continue to be a red zone where the F-Line streetcars operate in a transit-only curb lane. No project passenger loading or unloading would occur in this frontage.

Construction Impacts. The Project Sponsor provided information on the construction program for the proposed project. It is estimated that construction of the project would take approximately ten months. Based on a preliminary schedule prepared by the construction contractor, there would be six primary construction phases: Phase 1 – Demolition and excavation (one month); Phase 2 – Foundation and underground plumbing (two months); Phase 3 – Structural steel erection and metal decking (two months); Phase 4 – Exterior and interior framing (two months); Phase 5 – Exterior and Interior finishes (two months); and Phase 6 – Final utility connections, testing and punch list (one month).

Construction related activities would typically occur Monday through Friday, between 6:00 AM and 4:00 PM. Any construction activities on weekends would only occur on an as-needed basis. Due to the limited space available at the project site, the construction contractor expects to store only limited amounts of building materials on-site, and construction materials and equipment would be delivered to the job as needed. The eastern end of the project site would be used for the location of construction equipment such as concrete pumps and cranes.

While the exact routes that construction and delivery trucks would be using would depend on the location of their origins and destinations, it is expected that The Embarcadero, Harrison Street and King Street would be the primary haul and access routes to and from I-80, U.S. 101 and I-280. Construction vehicles would then travel along The Embarcadero to reach the project site. The impact of construction-related truck traffic on those streets would be temporary, and would reduce their traffic-carrying capacities due to the slower movement and larger turning radii of trucks, which may affect traffic and transit operations. Due to presence of MUNI's F-line streetcar tracks in front of the construction site, the curb lane on Jefferson Street would not be used as a staging area for construction vehicles or equipment.

It is anticipated that the sidewalk on Jefferson Street along the project frontage, from the east end of the F-line streetcar stop to Mason Street, would be closed throughout project construction. Pedestrians would be directed to the south side sidewalk. Access to the F-line station platform would be maintained from the west side of the project site. It is not anticipated that any regular traffic lanes would need to be closed during construction. However, if it is determined that temporary traffic lane

closures would be needed, they would be subject to review and approval by the Department of Public Works (DPW) and the Interdepartmental Staff Committee on Traffic and Transportation (ISCOTT). As the project site is within the Port of San Francisco's jurisdiction, the Project Sponsor and the construction contractor would have to submit a construction staging plan to the Port of San Francisco for review and approval. It is not anticipated that any MUNI bus or streetcar stops would need to be relocated during project construction. However, the Project Sponsor and the construction contractor would need to coordinate with MUNI regarding access to the F-line streetcar stop located to the west of the project site while the sidewalk along the project frontage is closed.

The number, trip distribution and mode split of construction workers is not currently available. However, it is anticipated that the addition of the construction worker vehicle- and transit-trips would not substantially affect the transportation conditions, as any impacts on the vehicular and transit network would be similar, or less than, those associated with the proposed project. In addition, construction workers would cause a temporary parking demand. Since the nearby public off-street facilities in the vicinity of the project site currently have some availability during weekdays, it is anticipated that construction worker parking demand could be accommodated without substantially affecting area-wide parking conditions.

5. Noise - Could the project:	Yes	No	Discussed
a. Increase substantially the ambient noise levels for adjoining areas?	_	X	X
b. Violate Title 24 Noise Insulation Standards, if applicable?	_	X	_
c. Be substantially impacted by existing noise levels?	_	X	X

The project site is located in the Fisherman's Wharf area of San Francisco. This area is primarily a visitor-serving destination, with an equal number of daytime and nighttime visitors. Existing uses include restaurants, visitor-serving attractions, hotel, retail, parking, and maritime and entertainment uses. The existing noise environment is dominated by traffic and pedestrian noise.

Traffic Noise. The existing background noise levels in the project area are typical of noise levels in urban San Francisco. The major noise affecting the project site is traffic along Jefferson Street. This existing noise may be occasionally noticeable within the proposed building. An approximate doubling of traffic volumes in the area would be necessary to produce an increase in ambient noise levels noticeable to most people. As discussed above in Transportation/Circulation, the project would add 26 net new vehicles to surrounding streets during the Weekend Midday peak hour and varying numbers of vehicles at other times of the day. Compared to the existing traffic of approximately 583 vehicles on Jefferson Street between Mason and Taylor Streets during the Weekend Midday peak hour, the addition of 26 net new vehicles during the Weekend Midday peak hour would not cause a doubling in traffic volumes, and therefore would not cause a noticeable increase in the ambient noise level in the project vicinity. Additionally, because the proposed project would not include new noise-sensitive uses (i.e., residential uses), the existing noise environment would not adversely affect occupant use.

Operational Noise. The proposed project would include rooftop exhaust, air conditioning and a blower in a screened and insulated area near the flour silo, which could produce operational noise. This equipment would be subject to Article 29 of the Police Code, the San Francisco Noise Ordinance, which regulates mechanical equipment noise. Compliance with Article 29, Section 2909 would limit noise from building operations and substantial increases in the ambient noise level due to building equipment noise would not be anticipated. At the project location, operational noise would not be expected to be noticeable, given background noise levels in the area. Therefore, the project would not result in substantial increase in noise due to project operations.

Construction Noise. Project construction activities would temporarily increase noise in the project vicinity. The overall construction period is expected to be nine months. Demolition and excavation activities would occur for about one month. [11] During the majority of construction activity, noise levels would be above existing levels in the project area. The project would include pile driving. Pile driving would generate noise and possibly vibrations that could be considered an annoyance by occupants of nearby buildings and pedestrians. In general, pile driving noise could be about 90 decibels (dBA) during impact at about 100 feet from the site. Pile driving would be expected to last up to one month. Noise levels at receptors near the project site would depend on their distance from the source and on the presence or absence of noise barriers. The noise of the pile driver would be most noticeable directly in front of the construction site. Vibrations from the pile driving could be felt and possibly interfere with indoor activities in nearby restaurants, retail stores, and other businesses adjacent to the project site. To further minimize noise and vibration from pile driving, the project sponsor would require project construction contractors to predrill holes to the maximum depth feasible on the basis of soil conditions. Contractors would be required to use construction equipment with state-of-the-art noise shielding and muffling devices. The project sponsor would also require that contractors schedule pile driving activity for times of the day that would minimize disturbance to neighbors, consistent with the Noise Ordinance. The Project Sponsor shall require the construction contractor to implement Mitigation Measures 1 through 3 listed on p. 45. Implementation of these mitigation measures would ensure that the potential noise and vibration effects during pile driving would be reduced. As with other construction activities, pile driving would be temporary and intermittent during one month of the overall 9 month construction period.

The San Francisco Noise Ordinance also regulates construction noise. The Noise Ordinance requires that noise levels from individual pieces of construction equipment, other than impact tools, not exceed 80 dBA at a distance of 100 ft. from the source. Impact tools, such as jackhammers and impact wrenches, must have both intake and exhaust muffled to the satisfaction of the Director of Public Works. Section 2908 of the Ordinance prohibits construction work between 8:00 PM and 7:00 AM, if noise would exceed the ambient noise level by 5 dBA at the project property line, unless a special permit is authorized by the Director of Public Works. The project demolition and construction operations must comply with the Noise Ordinance requirements.

In view of the above, the project would not have a substantial noise impact during project construction or operation.

6. Air Quality/Climate - Could the project:	Yes	No	Discussed
a. Violate any ambient air quality standard or contribute substantially to an existing or projected air quality violation?	_	X	X
b. Expose sensitive receptors to substantial pollutant concentrations?	_	X	_
c. Permeate its vicinity with objectionable odors?	_	X	_
d. Alter wind, moisture or temperature (including sun shading effects) so as to substantially affect public areas, or change the climate either in the community or region?	_	X	_

Air Quality and Odors. The Bay Area Air Quality Management District (BAAQMD) has established thresholds for projects requiring its review for potential air quality impacts. These thresholds are based on the minimum size of a project that the District considers capable of producing air quality problems due to vehicular emissions. The minimum-size project considered significant by the BAAQMD is 2,000 vehicle trips per day. Since the project would generate about 525 net new daily vehicle trips (of which 26 would be net new midday peak-hour vehicle trips), the project would not exceed this minimum standard. Therefore, no significant air quality impacts due to vehicular emissions are anticipated to result from implementation of the proposed project.

During construction, the limited soil movement for foundation excavation would create the potential for wind-blown dust to add to the particulate matter in the local atmosphere while open soil is exposed. To reduce the quantity of dust generated during site preparation and construction, the Project Sponsor shall implement dust control measures, as described in Mitigation Measure No. 4, on p. 45.

The proposed project is the expansion of bakery, restaurant and retail uses, and new exhibition space. Existing bakery odors would continue. These uses are not anticipated to result in the generation of objectionable odors.

Shadows. The proposed project would add new shade to portions of the subject site as well as to surrounding properties. However, no portion of the project would exceed 40 feet (as measured under the Planning Code) in height, and the proposal would therefore not be subject to Section 295 of the City Planning Code (Proposition K) which protects certain public open spaces from shadowing by new structures during the period between one hour after sunrise and one hour before sunset, year-round. Because of the proposed building height (i.e., 40 feet as measured under the Planning Code) and the configuration of existing buildings in the vicinity, the net new shading which would result from the project's construction would be limited in scope, and would not increase the total amount of shading above levels which are common and generally accepted in urban areas.

Wind. The proposed project would maintain the approximate overall location and massing of the existing structures on the site. Although the building height would increase, given the height of the

new building which would remain relatively low, the project would not substantially change wind conditions or substantially change ground level winds relative to pedestrians and people in nearby seating areas. The proposed project would range up to 40 to 45 feet in height. That is, the new building would not be of sufficient scale to create adverse pedestrian wind conditions and no significant wind impacts are expected.

7. Utilities/Public Services - Could the project:	Yes	No	Discussed
a. Breach published national, state or local standards relating to solid waste or litter control?	_	X	_
b. Extend a sewer trunk line with capacity to serve new development?	_	X	_
c. Substantially increase demand for recreation or other public facilities?	_	X	_
d. Require major expansion of power, water, or communications facilities?	_	X	X

The proposed project is on a site that is currently served by fire, police, solid waste collection, recreational facilities, water, gas, and electricity. The project proposes to increase development on the site. Thus, the project would increase the demand for and use of public services and utilities on the site, and would increase water and energy consumption, but not in excess of amounts expected and provided for in this area. No need for any expansion of public utilities or public service facilities is anticipated due to the project.

The proposed project would not result in demand for public recreational facilities or schools because the project would not provide any residential uses.

Until recently, all large-sized proposed projects in San Francisco subject to CEQA review were required to obtain a water supply assessment from the San Francisco Public Utilities Commission (SFPUC). In May 2002, the SFPUC adopted a resolution finding that the SFPUC's Urban Water Management Plan (UWMP) adequately fulfills the requirements of the water assessment for water supply and wastewater treatment and capacity, as long as the project is covered by the demand projections identified in the UWMP.[12] The SFPUC's UWMP 2000 update is based upon the Association of Bay Area Government's (ABAG) Year 2000 Projections, which includes all known or expected development projects in San Francisco through 2020. The proposed project is represented in ABAG's 2020 projections and is consequently included in the UWMP. The proposed project would not substantially increase existing water demand or wastewater generation beyond expected levels.

Power and Communications Facilities

The project site is served by power and communication facilities. The new building would require typical utility connections and could tap into existing power and communications grids. Therefore, no new power or communications facilities would be necessary as a result of project implementation.

The proposed project would increase demand for and use of public services, but not in excess of amounts expected and provided for in this area. San Francisco consumers have recently experienced rising energy costs and uncertainties regarding the supply of electricity. The root causes of these conditions are under investigation and are the subject of much debate. Part of the problem is thought to be that the State does not generate sufficient energy to meet its demand and must import energy from outside sources. Another part of the problem may be the lack of cost controls as a result of deregulation. The California Energy Commission (CEC) is currently considering applications for the development of new power-generating facilities in San Francisco, the Bay Area and elsewhere in the State. These facilities could supply additional energy to the power supply "grid" within the next few years. These efforts, together with conservation, will be part of the statewide effort to achieve energy sufficiency. The project would not be built and occupied until about 2004; therefore, additional generating facilities may have been completed by the time the project is in operation. The project-generated demand for electricity would be negligible in the context of the overall demand within San Francisco and the State, and would not in and of itself require a major expansion of power facilities. Therefore, the energy demand associated with the proposed project would not result in a significant physical environmental effect.

8. Biology - Could the project:	Yes	No	Discussed
a. Substantially affect a rare or endangered species of animal or plant, or the habitat of the species?	_	X	X
b. Substantially diminish habitat for fish, wildlife or plants, or interfere substantially with the movement of any resident or migratory fish or wildlife species?	_	X	X
c. Require removal of substantial numbers of mature, scenic trees?	_	X	X

The project site currently contains the one-story Boudin Bakery and Café, a 24-space surface parking area, and three sycamore and three ficus trees. There are also eight ficus street trees on Jefferson Street. The project site does not support or provide habitat for any rare or endangered wildlife or plant species. No other important biological resources exist on the project site.

Landscape plans for the proposed project are in preliminary development and could include ten new street trees along the Jefferson Street frontage to replace the eight ficus street trees. Landscape buffers are also proposed on the western side of the outdoor seating area, and on the eastern side of the loading court (see Figure 2). However, the proposed project may require total or partial removal of 11 ficus trees (three on-site and the eight street trees) on the project site that are greater than four inches in diameter. Any street trees removed as part of the project would be replaced. In view of the above, the project would not have significant vegetation and wildlife impacts.

9. Geology/Topography – Could the project:	Yes	No	Discussed
a. Expose people or structures to major geologic hazards (slides, subsidence, erosion and liquefaction)?	_	X	X
b. Change substantially the topography or any unique geologic or physical features of the site?	_	X	_

The project site is relatively level, and is completely covered with a building and asphalt parking lot. The project site was historically part of the Bay, and is located entirely on fill.

The project site is in a Special Geologic Study Area as shown in the Community Safety Element of the San Francisco Master Plan. This map (Map 3) indicates areas in which one or more geologic hazards exist. Subsurface soil at the project site consists of up to 19 feet of fill (described as consisting predominately of silty sand, with varying amounts of gravel and clay and traces of obstructions such as abandoned concrete footings, timber piles and rip-rap boulders) underlain by marine deposits of alternating layers of clay and sand. In places where the fill is absent, soils consist of clay, silt and sand mixtures. Due to the composition of the subsurface soil, the Port Engineering Department (PED) would review the geotechnical report assessment of the nature and severity of the hazard(s) on the site and recommend project design and construction features that would reduce the hazards(s). The project sponsor has provided a geotechnical investigation report prepared by a California-licensed geotechnical engineer that is on file with the Department of City Planning and available for public review as part of the project file. [13] The recommendations contained in the report, and reviewed and recommended by the Department of Public Health, include but are not limited to: prepare and submit a site mitigation plan that addresses soil handling and dust control; prepare and submit a health and safety plan two weeks prior to construction; and provide foundation, excavation and utility plans.[14] The geotechnical report found the site suitable for development providing that the recommendations included in the report were incorporated into the design and construction of the proposed development. The project sponsor has agreed to follow the recommendations of the report in constructing the project.

The final building plans would be reviewed by the Port Engineering Department (PED). In reviewing building plans, the PED refers to a variety of information sources to determine existing hazards and assess requirements for mitigation. Sources reviewed include maps of Special Geologic Study Areas and known landslide areas in San Francisco as well as the building inspectors' working knowledge of areas of special geologic concern. The above referenced geotechnical investigation would be available for use by the PED during its review of building permits for the site. Also, PED could require that additional site specific soils report(s) be prepared in conjunction with permit applications, as needed. To ensure compliance with all San Francisco Building Code provisions regarding structural safety, when PED reviews the geotechnical report and building plans for a proposed project, it will determine necessary engineering and design features for the project to reduce potential damage to structures from groundshaking and liquefaction. Therefore, potential damage to structures from geologic hazards on a project site would be mitigated through the PED requirement for a geotechnical report and review of the building permit application pursuant to its implementation of the San Francisco Building Code.

Dewatering effects are described under Water, p. 38.

The project would be constructed on piles which would support the foundation.

The project site is relatively level, and is completely covered with a building and asphalt parking lot. There are no unique geologic or physical features of the site. The project would increase the existing uses at the site and would eliminate surface parking. Therefore, the project would not change the topography or unique features of the site, and would not expose people or structures to major geologic hazards.

10.	Water - Could the project:	Yes	No	Discussed
a.	Substantially degrade water quality, or contaminate a public water supply?	_	X	X
b.	Substantially degrade or deplete ground water resources, or interfere substantially with ground water recharge?	_	X	X
c.	Cause substantial flooding, erosion or siltation?	_	X	_

Project-related wastewater and storm water would flow to the City's combined sewer system and would be treated to standards contained in the City's National Pollutant Discharge Elimination System (NPDES) Permit for the Southeast Water Pollution Control Plant prior to discharge. During operations, the project would comply with all local wastewater discharge requirements. Surface runoff quality would likely improve because the project would eliminate parking uses. Therefore, the project would not substantially degrade water quality.

Based on the geotechnical report prepared for the project site, the water table appears to be at a depth of approximately 8 feet below ground surface (bgs). However, the groundwater table may vary with seasonal rainfall and daily tidal fluctuations. Since the project would include shallow excavation (approximately 3 feet bgs) and groundwater has been recorded within 5 feet of this depth, it is likely that dewatering may be required. Any groundwater encountered during construction would be subject to the requirements of the San Francisco Industrial Waste Ordinance (Ordinance No. 199-77), requiring that groundwater meet specified standards before being discharged into the sewer system. The Bureau of Environmental Regulation and Management (BERM) of the Department of Public Works must be notified if the project were to require dewatering. Groundwater analysis would also be required prior to discharge. The results of site samples and chemical analyses performed as part of the environmental site characterization revealed that the soil and groundwater beneath the project site may contain contaminants in concentrations above environmental regulatory levels of concern. Therefore, on-site treatment of any encountered groundwater would be required prior to discharge into the sewer system. (See Hazards, p. 40.) The Project Sponsor shall treat pumped groundwater in the event dewatering is required, as described in Mitigation Measure No. 5, on p. 46.

Although the project would intensify uses at the site, it would not affect the area of impervious surface at the site or substantially alter site drainage. There is no use of groundwater currently on the site. Therefore, ground water resources would not be substantially degraded or depleted, and the project would not interfere substantially with groundwater recharge.

Any exposure of soil during site preparation, such as during excavation activities, would occur below street grade and would have low potential for substantial erosion or siltation. In addition, the project site is relatively level and would have low potential for substantial flooding, erosion, or siltation.

11. Energy/Natural Resources - Could the project:	Yes	No	Discussed
a. Encourage activities which result in the use of large amounts of fuel, water, or energy, or use these in a wasteful manner?	_	X	X
b. Have a substantial effect on the potential use, extraction, or depletion of a natural resource?	_	X	X

The project would meet current state and local codes concerning energy consumption, including Title 24 of the California Code of Regulation enforced by the Department of Building Inspection. Other than natural gas and coal fuel used to generate the electricity for the project, the project would not have a substantial effect on the use, extraction, or depletion of a natural resource. See also the discussion of electricity use under Utilities/Public Services on pp. 35-36. For this reason, the project would not cause a wasteful use of energy, and would not have a substantial adverse effect on natural resources.

12. Hazards - Could the project:	Yes	No	Discussed
a. Create a potential public health hazard or involve the use, production or disposal of materials which pose a hazard to people or animal or plant populations in the area affected?	_	X	X
b. Interfere with emergency response plans or emergency evacuation plans?	_	X	_
c. Create a potentially substantial fire hazard?	_	X	_

During project operation, the proposed project would include expanded bakery, restaurant and retail uses, and new exhibition space, which would require relatively small quantities of hazardous materials for routine purposes. The development would likely handle common types of hazardous materials, such as cleaners and disinfectants. These commercial products are labeled to inform users of potential risks and to instruct them in appropriate handling procedures. Most of these materials are consumed through use, resulting in relatively little waste. Back-up electrical generators, which would likely utilize diesel fuel, may additionally be located on the project site, but would not likely contain fuel in sufficient quantities to pose a significant hazard. Businesses are required by law to ensure employee safety by identifying hazardous materials in the workplace, providing safety information to workers that handle hazardous materials, and adequately training workers. For these reasons, hazardous materials use in the proposed project would not pose any substantial public health or safety hazards related to hazardous materials.

Soil and Groundwater. Past activities on the project site and in the vicinity have resulted in the release of contaminants into soil and groundwater. A Phase I Environmental Site Assessment for the project site was prepared in November 2002.[15] The project site is Bayward of the original shoreline and is

subject to Article 22A of the Health Code (the Maher Ordinance) (). The Maher Ordinance was enacted to require environmental site assessments of fill areas in San Francisco, which can contain contaminated constituents. The site has been used for a lumberyard, restaurant, and the present bakery, café, and parking lot. There is also evidence that the project site was adjacent to a gasoline and oil tank used for a service station. The Phase I report lists current and past operations, reviews environmental agency databases and records, identifies site reconnaissance observations, and summarizes potential contamination issues. The Phase I study concluded that the project site may contain elevated concentrations of petroleum hydrocarbons and heavy metals due to past industrial and commercial activities in the area as well as fill material from the 1906 Earthquake. Therefore, an Environmental Site Characterization report, or Phase II report, was completed for the project site.[16] The objective of the site characterization was to assess the presence of hazardous materials in the soil that will be disturbed or removed during construction activities, by sampling and testing. The soil sample analytical results were compared to California total threshold limit concentration (TTLC) and soluble threshold limit concentration (STLC) and Federal toxicity characteristic leaching procedure (TCLP) hazardous waste criteria. Based on these comparisons, the fill material beneath the site contains California hazardous levels for lead. Any fill material characterized with these elevated levels removed from the site would likely require disposal at a Class I hazardous waste landfill. The remaining fill material to be removed, with acceptable levels for lead, may be disposed of at a Class II/III non-hazardous waste landfill. Approximately 1,200 cubic yards of fill would be excavated for construction of the proposed project. These Class II/III marine deposits underlying the fill material did not contain any elevated concentrations of lead or petroleum hydrocarbons and the disposal of this soil will not require regulatory approval or oversight. The Project Sponsor shall ensure that excavated soil will be stockpiled on-site, sampled, and segregated prior to removal and subsequent transport to an appropriate landfill disposal facility, as described in Mitigation Measure No. 6, on p. 46.

The results of site samples and chemical analyses performed as part of the environmental site characterization revealed that the soil and groundwater beneath the project site may contain contaminants in concentrations above environmental regulatory levels of concern. Therefore, on-site treatment of any encountered groundwater would be required prior to discharge into the sewer system. Any groundwater encountered during construction would be subject to the requirements of the San Francisco Industrial Waste Ordinance (Ordinance No. 199-77), requiring that groundwater meet specified standards before being discharged into the sewer system. The Bureau of Environmental Regulation and Management (BERM) of the Department of Public Works must be notified if the project were to require dewatering. Groundwater analysis would also be required prior to discharge.

Building Materials

The existing building at the project site to be demolished as part of the project, could contain hazardous materials, such as asbestos, polychlorinated biphenyls (PCBs), lead, mercury, or other hazardous materials. In the past, asbestos, PCBs, and lead were commonly installed in insulation, floor tiles, roofing tar, electrical transformers, fluorescent light ballasts, and paint. Mercury is common in electrical switches and fluorescent light bulbs. If such hazardous materials exist in buildings to be demolished, they could pose hazards to workers, neighbors, or the natural environment.

Potential asbestos-containing materials (ACMs) have been identified at the project site.[17] Section 19827.5 of the California Health and Safety Code, adopted January 1, 1991, requires that local agencies not issue demolition or alteration permits until an applicant has demonstrated compliance with

notification requirements under applicable Federal regulations regarding hazardous air pollutants, including asbestos. The Bay Area Air Quality Management District (BAAQMD) is vested by the California legislature with authority to regulate airborne pollutants, including asbestos, through both inspection and law enforcement, and is to be notified ten days in advance of any proposed demolition or abatement work.

Notification includes the names and addresses of operations and persons responsible; description and location of the structure to be demolished/altered including size, age and prior use, and the approximate amount of friable asbestos; scheduled starting and completion dates of demolition or abatement; nature of planned work and methods to be employed; procedures to be employed to meet BAAQMD requirements; and the name and location of the waste disposal site to be used. The District randomly inspects asbestos removal operations. In addition, the District will inspect any removal operation concerning which a complaint has been received.

The local office of the State Occupational Safety and Health Administration (OSHA) must be notified of asbestos abatement to be carried out. Asbestos abatement contractors must follow state regulations contained in 8CCR1529 and 8CCR341.6 through 341.14 where there is asbestos related work involving 100 square feet or more of asbestos containing material. Asbestos removal contractors must be certified as such by the Contractors Licensing Board of the State of California. The owner of the property where abatement is to occur must have a Hazardous Waste Generator Number assigned by and registered with the Office of the California Department of Health Services in Sacramento. The contractor and hauler of the material is required to file a Hazardous Waste Manifest which details the hauling of the material from the site and the disposal of it. Pursuant to California law, the Department of Building Inspection (DBI) would not issue the required permit until the applicant has complied with the notice requirements described above.

These regulations and procedures, already established as a part of the permit review process, would insure that any potential impacts due to asbestos would be reduced to a level of insignificance.

Lead paint may be found in the existing building, completely renovated in 1975 and proposed for demolition as part of the project. Demolition must comply with Chapter 36 of the San Francisco Building Code, Work Practices for Exterior Lead-Based Paint. Where there is any work that may disturb or remove lead paint on the exterior of any building built prior to December 31, 1978, Chapter 36 requires specific notification and work standards, and identifies prohibited work methods and penalties.

Chapter 36 applies to buildings or steel structures on which original construction was completed prior to 1979 (which are assumed to have lead-based paint on their surfaces), where more than ten total square feet of lead-based paint would be disturbed or removed. The ordinance contains performance standards, including establishment of containment barriers, at least as effective at protecting human health and the environment as those in the HUD Guidelines (the most recent Guidelines for Evaluation and Control of Lead-Based Paint Hazards) and identifies prohibited practices that may not be used in disturbance or removal of lead-based paint. Any person performing work subject to the ordinance shall make all reasonable efforts to prevent migration of lead paint contaminants beyond containment barriers during the course of the work, and any person performing regulated work shall make all reasonable efforts to remove all visible lead paint contaminants from all regulated areas of the property prior to completion of the work.

The ordinance also includes notification requirements, contents of notice, and requirements for signs. Notification includes notifying bidders for the work of any paint-inspection reports verifying the presence or absence of lead-based paint in the regulated area of the proposed project. Prior to commencement of work, the responsible party must provide written notice to the Director of the Department of Building Inspection, of the location of the project; the nature and approximate square footage of the painted surface being disturbed and/or removed; anticipated job start and completion dates for the work; whether the responsible party has reason to know or presume that lead-based paint is present; whether the building is residential or nonresidential, owner-occupied or rental property, approximate number of dwelling units, if any; the dates by which the responsible party has or will fulfill any tenant or adjacent property notification requirements; and the name, address, telephone number, and pager number of the party who will perform the work. (Further notice requirements include Sign When Containment is Required, Notice by Landlord, Required Notice to Tenants, Availability of Pamphlet related to protection from lead in the home, Notice by Contractor, Early Commencement of Work [by Owner, Requested by Tenant], and Notice of Lead Contaminated Dust or Soil, if applicable.) The ordinance contains provisions regarding inspection and sampling for compliance by DBI, and enforcement, and describes penalties for non compliance with the requirements of the ordinance. These regulations and procedures by the San Francisco Building Code would ensure that potential impacts of demolition, due to lead-based paint, would be reduced to a level of insignificance.

San Francisco ensures fire safety through provisions of the Building Code and Fire Code. Existing buildings are required to meet standards contained in these codes. The proposed project would also conform to these standards, which may include development of an emergency procedure manual and an exit drill plan. In this way, potential fire hazards (including those associated with hydrant water pressure and emergency access) would be addressed during the permit review process.

The Department of Public Health reviewed the Phase I Environmental Site Assessment and Phase II Environmental Site Characterization reports completed for the project site. The Department concurred in the reports findings, which include measures that have been incorporated into the project including: prepare and submit a site mitigation plan that addresses soil handling and dust control; prepare and submit a health and safety plan two weeks prior to construction; and provide foundation, excavation and utility plans.[18]

With implementation of the mitigation measure included as part of the project, as identified on p. 46, potential health and safety issues related to existing and future hazardous materials use, contaminated soil and groundwater, potentially hazardous building components, and fire safety and emergency access would be reduced to less-than-significant levels.

13. Cultural – Could the project:	Yes	No	Discussed
a. Disrupt or adversely affect a prehistoric or historic archaeological site or a property of historic or cultural significance to a community, ethnic or social group; or a paleontological site except as a part of a scientific study?	_	X	X

b.	Conflict with established recreational, educational, religious or scientific uses of the area?	_	X	_
c.	Conflict with the preservation of buildings subject to the provisions of Article 10 or Article 11 of the *City Planning Code*?	_	X	_

Historic Archaeological Resources

An Archaeological Research Design/Treatment Plan for the project site was prepared by an independent consultant. The findings of that report are summarized here.[19]

During the Gold Rush era, though the project site was still underwater, Meiggs' Wharf, the first structure to be built in the North Beach area, was situated one block to the east. Relevant archival sources suggest that unspecified quantities of cultural refuse were lost and/or discarded into the shallow waters of the bay from Meiggs' Wharf, or from ships tied up alongside this structure. Accordingly, it is possible that some of these materials are present within the project block.

Archival evidence suggests that the area in the general vicinity of the project site served as a convenient dumping ground for a portion of the city's refuse during the second half of the 19th century, perhaps as early as the 1860s, and certainly during the 1870s and early 1880s, when a seawall was erected at the present-day Embarcadero, creating a shallow lagoon encompassing the project area. The lagoon was gradually filled in as the 19th century came to a close, and previous archaeological investigations conducted near the project site indicate that much of the area was filled in with commercial and domestic cultural refuse, including a substantial quantity of Chinese materials.

The proposed project would excavate to a maximum depth of 3 feet for the building foundation, and would include piles. It is not known whether significant archaeological resources exist at the project site; however, based on background research[20], archaeological materials may be discovered within the project Area of Potential Effect (APE). Available documentary evidence indicates the high probability of encountering Gold Rush Maritime and19th Century historical remains (dumping and filling practices, ethnic practices, economic stratification and consumerism, and industrialization and technology) within the confines of the project area. Prehistoric archaeological deposits could also be found within the project APE.

The Project Sponsor shall implement Mitigation Measure 7 on pp. 46-49, to reduce potentially significant disturbance, damage, or loss of archaeological resources to less than significant. This measure requires, among other things, that an Archaeological Research Design/Treatment Plan (ARD/TP) be prepared. An ARD/TP has been prepared and is filed with the City Planning Department.[21] Mitigation Measure 7, pp. 46-49, would include an Archaeological Monitoring Program to reduce impacts on resources that may be encountered during project construction. Implementation of Mitigation Measure 7 would ensure that the proposed project would have a less-than-significant effect on archaeological resources.

Architectural Resources

The project site contains a one-story building housing the Boudin Bakery and Café and a souvenir shop, to be demolished for the project. According to the Sanborn Insurance Company maps, the building was built after 1950.[22] The building was completely renovated in 1975 when Boudin established the bakery uses there, alongside the Exposition Fish Grotto Restaurant (later the Expo Restaurant). There are no other buildings on the project site. There are no known historic or architectural resources of significance near the project site. The existing building is not designated as a City Landmark, is not located in an historic district, is not designated as a Significant or Contributory building in an historic district, and is not listed on any state or federal register of historic resources. The building is not subject to the provisions of Article 10 (Preservation of Historical, Architectural and Aesthetic Landmarks) of the *San Francisco Planning Code*.

In view of the above, the proposed project would have a less-than-significant effect on historic architectural resources.

Summary of Neighborhood Concerns

Numerous individuals expressed concern regarding possible effects of the project on visual quality and parking, and the design of the project. These issues have been addressed above, by topic. As discussed on p. 18, the proposed project would have a less than significant impact on aesthetics and would not result in a substantial, demonstrable negative aesthetic effect, or substantially obstruct scenic views. Another neighborhood concern is parking supply, as the project would remove 24 parking spaces. Parking is discussed on pp. 28-29, and as concluded there the proposed project would not have a significant impact on parking supply. As noted on p. 11, the Waterfront Design Advisory Committee expressed its support of the project design on July 25, 2003.

Conclusions

While local concerns or other planning considerations may be grounds for modification or denial of the proposal, in the independent judgment of the Department of City Planning, there is no substantial evidence that the project could have a significant effect on the environment.

OTHER - Could the project:	Yes	No	Discussed
Require approval and/or permits from City departments other than the Planning Department or the Department of Building Inspection, or from regional, state, or federal agencies?	X	_	X

The approvals and/or permits required by the Port of San Francisco are described and listed under "Agency Review and Approvals," p. 11.

MITIGATION MEASURES	Yes	No	N/A	Discussed
1. Could the project have significant effects if mitigation measures are not included in the project?	X	_	_	X
2. Are all mitigation measures necessary to eliminate significant effects included in the project?	X	_	_	X

Mitigation Measure 1: Noise

The Project Sponsor shall require the construction contractor to limit pile-driving activity such that it results in the least disturbance to occupants and users of adjacent and nearby properties. Implementation of this measure may require the construction contractor to obtain a permit for nighttime work from the Port Building Department if pile-driving during nighttime hours would be the least disruptive to these occupants and users.

Mitigation Measure 2: Noise

The Project Sponsor shall require the construction contractor for the proposed project to use a hydraulic or vibratory pile driver, if feasible, and to use a state-of-the-art muffler and shield around the pile driver.

Mitigation Measure 3: Noise

At least 48 hours prior to pile-driving activities, the Project Sponsor shall notify building owners and occupants within 200 feet of the project site of the dates, hours, and expected duration of such activities.

Mitigation Measure 4: Construction Air Quality

The Project Sponsor shall require the contractor(s) to spray the site with water during demolition, excavation, and construction activities; spray unpaved construction areas with water at least twice per day; cover stockpiles of soil, sand, and other material; cover trucks hauling debris, soils, sand or other such material; and sweep surrounding streets during demolition, excavation, and construction at least once per day to reduce particulate emissions. Ordinance 175-91, passed by the Board of Supervisors on May 6, 1991, requires that non-potable water be used for dust control activities. Therefore, the Project Sponsor shall require that the contractor(s) obtain reclaimed water from the Clean Water Program for this purpose. The Project Sponsor shall require the project contractor(s) to maintain and operate construction equipment so as to minimize exhaust emissions of particulates and other pollutants, by such means as a prohibition on idling motors when equipment is not in use or when trucks are waiting in queues, and implementation of specific maintenance programs to reduce emissions for equipment that would be in frequent use for much of the construction period.

Mitigation Measure 5: Water

Any groundwater encountered during construction of the proposed project would be subject to requirements of the City's Industrial Waste Ordinance (Ordinance Number 199 77), requiring that groundwater meet specified water quality standards before it may be discharged into the sewer system. The Bureau of Systems Planning, Environment and Compliance of the S.F. Public Utilities Commission must be notified of projects necessitating dewatering, and may require water analysis before discharge. Should dewatering be necessary, the final soils report would address the potential settlement and subsidence impacts of this dewatering. Based upon this discussion, the report would contain a determination as to whether or not a lateral movement and settlement survey should be done to monitor any movement or settlement of surrounding buildings and adjacent streets. If a monitoring survey is recommended, the Department of Public Works would require that a Special Inspector (as defined in Article 3 of the Building Code) be retained by the project sponsor to perform this monitoring.

Groundwater observation wells would be installed to monitor potential settlement and subsidence. If, in the judgment of the Special Inspector, unacceptable movement were to occur during dewatering, groundwater recharge would be used to halt this settlement. Costs for the survey and any necessary repairs to service lines under the street would be borne by the project sponsor.

Mitigation Measure 6: Hazardous Materials

Excavated soils shall be classified and disposed of at an appropriate disposal facility; if soils were to be reused onsite, approval for reuse must be obtained from either the San Francisco Department of Public Health and/or a State agency. Reuse of contaminated soils may require a risk assessment to determine potential effects to future site occupants and/or occasional utility maintenance workers.

Mitigation Measure 7: Archaeological Resources (Monitoring)

Based on the reasonable potential that archeological resources may be present within the project site, the following measures shall be undertaken to avoid any potentially significant adverse effect from the proposed project on buried or submerged historical resources. The Project Sponsor shall retain the services of a qualified archeological consultant having expertise in California prehistoric and urban historical archeology. The archeological consultant shall undertake an archeological monitoring program. The archeological consultant's work shall be conducted in accordance with this measure and with the requirements of the project archeological research design and treatment plan (Archeo-Tec. Archaeological Research Design/Treatment Plan Boudin at the Wharf Project, July 16, 2003) at the direction of the Environmental Review Officer (ERO). In instances of any inconsistency between the requirements of the project archeological research design and treatment plan and this archeological mitigation measure, the requirements of the latter shall prevail. All plans and reports prepared by the consultant as specified herein shall be submitted first and directly to the ERO for review and comment, and shall be considered draft reports subject to revision until final approval by the ERO. Archeological monitoring and/or data recovery programs required by this measure could suspend construction of the project for up to a maximum of four weeks. At the direction of the ERO, the suspension of construction can be extended beyond four weeks only if such a suspension is the only feasible means to reduce to a less than significant level potential effects on a significant archeological resource as defined in CEQA Guidelines Section 15064.5 (a)(c).

Archeological Monitoring Program (AMP). The archeological monitoring program shall minimally include the following provisions:

- The archeological consultant, Project Sponsor, and ERO shall meet and consult on the scope of the AMP reasonably prior to any project-related soils disturbing activities commencing. The ERO in consultation with the project archeologist shall determine what project activities shall be archeologically monitored. In most cases, any soils disturbing activities, such as demolition, foundation removal, excavation, grading, utilities installation, foundation work, driving of piles (foundation, shoring, etc.), site remediation, etc., shall require archeological monitoring because of the potential risk these activities pose to archaeological resources and to their depositional context;

- The archeological consultant shall advise all project contractors to be on the alert for evidence of the presence of the expected resource(s), of how to identify the evidence of the expected resource(s), and of the appropriate protocol in the event of apparent discovery of an archeological resource;

- The archaeological monitor(s) shall be present on the project site according to a schedule agreed upon by the archeological consultant and the ERO until the ERO has, in consultation with the archeological consultant, determined that project construction activities could have no effects on significant archeological deposits;

- The archeological monitor shall record and be authorized to collect soil samples and artifactual/ecofactual material as warranted for analysis;

- If an intact archeological deposit is encountered, all soils disturbing activities in the vicinity of the deposit shall cease. The archeological monitor shall be empowered to temporarily redirect demolition/excavation/pile driving/construction crews and heavy equipment until the deposit is evaluated. If in the case of pile driving activity (foundation, shoring, etc.), the archeological monitor has cause to believe that the pile driving activity may affect an archeological resource, the pile driving activity shall be terminated until an appropriate evaluation of the resource has been made in consultation with the ERO. The archeological consultant shall immediately notify the ERO of the encountered archeological deposit. The archeological consultant shall, after making a reasonable effort to assess the identity, integrity, and significance of the encountered archeological deposit, present the findings of this assessment to the ERO.

If the ERO in consultation with the archeological consultant determines that a significant archeological resource is present and that the resource could be adversely affected by the proposed project, at the discretion of the Project Sponsor either:

A) The proposed project shall be re-designed so as to avoid any adverse effect on the significant archeological resource; or

B) An archeological data recovery program shall be implemented, unless the ERO determines that the archeological resource is of greater interpretive than research significance and that interpretive use of the resource is feasible.

If an archeological data recovery program is required by the ERO, the archeological data recovery program shall be conducted in accord with an archeological data recovery plan (ADRP). The project

archeological consultant, Project Sponsor, and ERO shall meet and consult on the scope of the ADRP. The archeological consultant shall prepare a draft ADRP that shall be submitted to the ERO for review and approval. The ADRP shall identify how the proposed data recovery program will preserve the significant information the archeological resource is expected to contain. That is, the ADRP will identify what scientific/historical research questions are applicable to the expected resource, what data classes the resource is expected to possess, and how the expected data classes shall address the applicable research questions. Data recovery, in general, should be limited to the portions of the historical property that could be adversely affected by the proposed project. Destructive data recovery methods shall not be applied to portions of the archeological resources if nondestructive methods are practical.

The scope of the ADRP shall include the following elements:

- Field Methods and Procedures. Descriptions of proposed field strategies, procedures, and operations.
- Cataloguing and Laboratory Analysis. Description of selected cataloguing system and artifact analysis procedures.
- Discard and Deaccession Policy. Description of and rationale for field and post-field discard and deaccession policies.
- Interpretive Program. Consideration of an on-site/off-site public interpretive program during the course of the archeological data recovery program.
- Security Measures. Recommended security measures to protect the archeological resource from vandalism, looting, and non-intentionally damaging activities.
- Final Report. Description of proposed report format and distribution of results.
- Curation. Description of the procedures and recommendations for the curation of any recovered data having potential research value, identification of appropriate curation facilities, and a summary of the accession policies of the curation facilities.

Human Remains, Associated or Unassociated Funerary Objects. The treatment of human remains and of associated or unassociated funerary objects discovered during any soils disturbing activity shall comply with applicable State and Federal Laws, including immediate notification of the Coroner of the City and County of San Francisco and in the event of the Coroner's determination that the human remains are Native American remains, notification of the California State Native American Heritage Commission (NAHC) who shall appoint a Most Likely Descendant (MLD) (Pub. Res. Code Sec. 5097.98). The archeological consultant, Project Sponsor, and MLD shall make all reasonable efforts to develop an agreement for the treatment of, with appropriate dignity, human remains and associated or unassociated funerary objects (CEQA Guidelines. Sec. 15064.5(d)). The agreement should take into consideration the appropriate excavation, removal, recordation, analysis, curation, possession, and final disposition of the human remains and associated or unassociated funerary objects.

Final Archeological Resources Report. The archeological consultant shall submit a Draft Final Archeological Resources Report (FARR) to the ERO that evaluates the historical significance of any discovered archeological resource and describes the archeological and historical research methods

employed in the archeological testing/monitoring/data recovery program(s) undertaken. Information that may put at risk any archeological resource shall be provided in a separate removable insert within the draft final report.

Copies of the Draft FARR shall be sent to the ERO for review and approval. Once approved by the ERO copies of the FARR shall be distributed as follows: California Archaeological Site Survey Northwest Information Center (NWIC) shall receive one (1) copy and the ERO shall receive a copy of the transmittal of the FARR to the NWIC. The Major Environmental Analysis division of the Planning Department shall receive three copies of the FARR along with copies of any formal site recordation forms (CA DPR 523 series) and/or documentation for nomination to the National Register of Historic Places/California Register of Historical Resources. In instances of high public interest or interpretive value, the ERO may require a different final report content, format, and distribution than that presented above.

MANDATORY FINDINGS OF SIGNIFICANCE	Yes	No	Discussed
1. Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal, or eliminate important examples of the major periods of California history or pre-history?	_	X	_
2. Does the project have the potential to achieve short-term, to the disadvantage of long-term, environmental goals?	_	X	_
3. Does the project have possible environmental effects which are individually limited, but cumulatively considerable? (Analyze in the light of past projects, other current projects, and probable future projects.)	_	X	_
4. Would the project cause substantial adverse effects on human beings, either directly or indirectly?	_	X	_

ON THE BASIS OF THIS INITIAL STUDY:

_ I find the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.

X I find that although the proposed project could have a significant effect on the environment, there WILL NOT be a significant effect in this case because the mitigation measures in the discussion have been included as part of the proposed project. A NEGATIVE DECLARATION will be prepared.

_ I find that the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.

DATE: Sept. 25, 2003

Paul Maltzer
Environmental Review Officer
For
Larry Badiner
Acting Director of Planning

Notes:

[1] Nibbi Brothers, memorandum regarding demolition, excavation, construction and staging, April 21, 2003.

[2] Port of San Francisco, *Waterfront Land Use Plan Final Environmental Impact Report*, Case No. 94.155E (SCH No. 94123007), certified January 9, 1997.

[3] Tim O'Shea, Boudin Properties, Inc., May 21, 2003. At peak (which would occur during weekends in summer months), the existing site employs about 15 bakery employees, 5 retail employees associated with the souvenir shop, and 2 parking lot employees. At peak the proposed project is expected to employ about 23 ground-floor Market Hall retail employees, 4 ground-floor Baker's hall employees, 3 ground-floor bakery employees, and 43 second-floor café and tour employees. Total employment at buildout would be about 73 employees.

[4] Tim O'Shea, Boudin Properties, Inc., May 21, 2003. The bakery has 7 off peak and 15 peak workers; the souvenir shop has 2 off peak and 5 peak workers; and the parking lot has 1 off peak and 2 peak workers.

[5] Wilbur Smith Associates, *San Francisco Boudin Bakery and Café at Fishermans Wharf Preliminary Draft III Transportation Report Case No. 2003.0186!,* prepared for the City and County of San Francisco Planning Department, September 8, 2003. A copy of this report is available for public review by appointment at the Planning Department, 1660 Mission Street, 5th Floor.

[6] A transit preferential street is defined as a street where transit vehicles could receive priority treatment for the use of street right-of-way.

[7] A street designated as a congestion management network street indicates that it is part of the Congestion Management Program's (CMP) street system that is monitored for transportation impacts of land development decisions, as well as to assess the congestion management implications of transportation actions.

[8] A recreational street is a special category of street, whose major function is to provide for slow pleasure drivers, cyclist and pedestrian use.

[9] Future Year 2020 Cumulative analysis assumes that there would be a six percent growth in traffic volumes between 2003 and 2020 (approximately 0.3 percent per year) at the study intersections. This rate accounts for growth due to the proposed project traffic as well as cumulative background traffic and includes the cumulative development forecasted by the travel demand model developed by the City and County of San Francisco Transportation Authority (SFCTA), as well as the growth associated with the proposed development at Piers 27-31.

[10] The maximum load factor reflects represents individual street cars that may be crowded beyond normally acceptable levels. Since the average is less than 1.0, passengers are able to choose a less-crowded street car.

[11] Nibbi Brothers, memorandum regarding demolition, excavation, construction and staging, April 21, 2003.

[12] City and County of San Francisco, Public Utilities Commission, Resolution No. 02-0084, May 14, 2002.

[13] Treadwell & Rollo, *Geotechnical Investigation, Boudin Bakery at the Wharf, 160 Jefferson Street, San Francisco, California*, prepared for GESD Capital Partners, San Francisco, California, April 11, 2003. This study is on file and available for public review by appointment at the Planning Department, 1660 Mission Street, 5th Floor.

[14] Rajiv Bhatia, MD, Director, Occupational Health & Safety and Environmental Health, Department of Public Health, City and County of San Francisco, letter to Tim O'Shea, June 2, 2003.

[15] Treadwell & Rollo, *Phase I Environmental Site Assessment, 156 - 160 Jefferson Street, San Francisco, California*, prepared for GESD Capital Partners, San Francisco, California, November 8, 2002. This study is on file and available for public review by appointment at the Planning Department, 1660 Mission Street, 5th Floor.

[16] Treadwell & Rollo, *Environmental Site Characterization, Boudin Bakery at the Wharf, 160 Jefferson Street, San Francisco, California*, prepared for GESD Capital Partners, San Francisco, California, April 15, 2003. This study is on file and available for public review by appointment at the Planning Department, 1660 Mission Street, 5th Floor.

[17] Treadwell & Rollo, *Phase I Environmental Site Assessment, 156 - 160 Jefferson Street, San Francisco, California*, prepared for GESD Capital Partners, San Francisco, California, November 8, 2002. This study is on file and available for public review by appointment at the Planning Department, 1660 Mission Street, 5th Floor.

[18] Rajiv Bhatia, MD, Director, Occupational Health & Safety and Environmental Health, Department of Public Health, City and County of San Francisco, letter to Tim O'Shea, June 2, 2003.

[19] Archeo-Tec, *Archaeological Research Design and Treatment Plan, Boudin at the Wharf Project, City and County of San Francisco*, prepared for EIP Associates, San Francisco, California, March 18, 2003. .

[20] Archeo-Tec, *Archaeological Research Design and Treatment Plan, Boudin at the Wharf Project, City and County of San Francisco*, prepared for EIP Associates, San Francisco, California, March 18, 2003. .

[21] Archeo-Tec, *Archaeological Research Design and Treatment Plan, Boudin at the Wharf Project, City and County of San Francisco*, prepared for EIP Associates, San Francisco, California, March 18, 2003.

[22] Archeo-Tec, *Archaeological Research Design and Treatment Plan, Boudin at the Wharf Project, City and County of San Francisco*, prepared for EIP Associates, San Francisco, California, March 18, 2003. .

DOCUMENT PREPARERS

EIP Associates
353 Sacramento Street, Suite 1000
San Francisco, California 94111

Kim Avila, AICP
Michael Rice, AICP
Rachel Yelo
Cliff Nale
Seema Sairam
Jackie Ha

Transportation Consultant

Wilbur Smith Associates
1145 Market Street, 10th Floor
San Francisco, CA 94103

José Farran

Archaeological Consultant

Archeo-Tec
5283 Broadway
Oakland, CA 94618

Allen Pastron, Ph.D.
Andrew Gottsfield

Geotechnical/Phase I ESA Consultant

Treadwell & Rollo
555 Montgomery Street, Suite 1300
San Francisco, CA 94111

Peter J. Cusack

PORT OF SAN FRANCISCO

MEMORANDUM

October 22, 2003

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Michela Alioto-Pier
Hon. Sue Bierman
Hon. Wilfred Hsu

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of a Brannan Street Wharf Agreement between the Port and the Bay Conservation and Development Commission regarding the Port's obligations for the funding, design and construction of the Brannan Street Wharf

DIRECTOR'S RECOMMENDATION: APPROVE THE BRANNAN STREET WHARF AGREEMENT

I. Background

In July 2000, after a five-year cooperative process involving the Port, the Bay Conservation and Development Commission ("BCDC"), the Save San Francisco Bay Association, and numerous interested community groups and individuals, the Port adopted amendments to the Waterfront Land Use Plan, and BCDC adopted amendments to the San Francisco Special Area Plan, to create consistent plans for the area of the San Francisco waterfront between Pier 35 and China Basin.

One of the major components of this effort was the requirement for the development of certain major public plazas, including the Brannan Street Wharf adjacent to Pier 30-32, the removal of certain piers to uncover additional Bay surface, and the creation and funding of a special Port fund to finance the removal of the selected piers and the construction and maintenance of those public plazas.

The Special Area Plan requires that, upon the issuance of a certificate of occupancy for the major reuse of Pier 30-32, the Port must complete Phase 1 (the northern portion) of the Brannan Street Wharf within five years, remove Pier 36 within 15 years, and complete the entire Brannan Street Wharf within 15 years if grant funds or other funding are available, or 20 years if not.

This Print Covers Calendar Item No. **5A**

By a Request for Qualifications and Proposals dated June 4, 1999, the Port solicited submittals of interest and qualifications from qualified parties for the design and development of a first-class "James R. Herman International Cruise Terminal" and mixed-use development at Piers 30-32 and Seawall Lot 330. On January 11, 2000, the Port Commission awarded San Francisco Cruise Terminal, LLC ("Developer") the opportunity to enter into exclusive negotiations with the Port.

During negotiations, the Port and Developer established the proposed project for purposes of regulatory review and lease negotiations, and addressed certain material financial and lease terms. As proposed, the Project included a two berth cruise terminal, commercial retail, office, parking and open space on Piers 30-32 and residential condominium development on a portion of Seawall Lot 330.

Developer and Port staff worked with the respective staffs of the State Lands Commission, BCDC, and the Attorney's General's Office to address public trust issues raised by the inclusion of general office and certain neighborhood-using, non-trust retail uses within the project proposed for Piers 30-32. In August, 2001, the parties determined that authorization of the use program would require action by the State Legislature.

This effort resulted in the enactment of Chapter 489, Statutes of 2001 ("Ch. 489"). The Legislature amended Chapter 489 by Chapter 68 of the statutes of 2003. Chapter 489, as amended by Chapter 68, is hereafter referred to as "Ch. 489." Among other items, Ch. 489 requires that the Brannan Street Wharf be completed sooner than is required in the Special Area Plan. With review by BCDC, the Port must approve the final design concept for the Brannan Street Wharf prior to the submittal of a major permit application to BCDC. Prior to issuance of a BCDC permit, the Port must irrevocably encumber funds for the completion of the Brannan Street Wharf, place the funds in a segregated account, and enter into an enforceable agreement (the "Agreement") that provides for the Port to fund, directly or though grant funding, or both, design and construct the Brannan Street Wharf consistent with the timetable set forth in Section 5(d) of Ch. 489.

Since the passage of Ch. 489, Port and Developer have negotiated and agreed upon certain transaction documents, including, without limitation, a Lease Disposition and Development Agreement ("LDDA") and Lease governing development and operation of Piers 30-32 as a mixed-use cruise terminal, retail, office and open space project as more particularly described in the LDDA (the "Cruise Terminal Project"), and a Purchase and Sale Agreement ("Sale Agreement") for the sale to Developer of approximately 22,600 square feet of Seawall Lot 330 at the corner of Bryant and Beale Streets (the "Condo Site") for residential development (the LDDA, Lease and Purchase and Sale Agreement, collectively, the "Transaction Documents"). The Port Commission approved the Transaction Documents in March 2003, and the City's Board of Supervisors approved the Transaction Documents in July 2003. In addition, the Board of Supervisors adopted an Ordinance appropriating all funds received by the Port from the sale towards construction of the Brannan Street Wharf.

The Transaction Documents contemplate a phased project. Under the first phase governed by the Sale Agreement, the Port will sell the Condo Site to Developer for an up-front payment of $9 Million (plus a deferred payment in the amount of $324,000). (The Port will also participate in sales proceeds from individual condominium units.) The Port agrees to deposit the $9 million sale proceeds into a segregated fund committed towards construction of the Brannan Street Wharf. In the second phase, governed by the LDDA and Lease Agreement, once the Port obtained sufficient funds from the $9 million sale proceeds, plus an additional $6 Million in Port capital funds from its Special Area Plan fund, Developer would construct the Brannan Street Wharf (anticipated to commence by the end of 2005). In addition, upon satisfaction of certain conditions precedent under the LDDA, the Port would deliver a 66-year Lease to Developer for construction and operation of the Piers 30-32 Project, which includes the cruise terminal. The following table illustrates the anticipated timing of the three project components:

	Start	Completion
SWL 330 Condo Tower	2004	2005
Brannan Street Wharf	2005	2007
Piers 30-32 Project	2006	2009

A critical entitlement for the development of the Piers 30-32 Project is the issuance of a BCDC Permit for its development. Consequently, one of the conditions precedent for closing escrow on the Condo Site is that BCDC shall have either issued a permit required for construction of the Piers 30/32 Project, or Port shall have obtained assurances from BCDC reasonably satisfactory to Port that BCDC is prepared to issue a BCDC permit for the Piers 30/32 Project subject only to Port's compliance with Ch. 489.

Another condition precedent of the Sale Agreement is that the Port Commission, after review by BC DC, shall have approved the final design concept for the Brannan Street Wharf. In accordance with this condition precedent and conditions of Section 5(c) of Ch. 489, the Port and BCDC staff have prepared a final design concept for the Brannan Street Wharf. The design concept was reviewed at a joint meeting of BCDC's Design Review Board and the Waterfront Design Advisory Committee three times, with the most recent being on December 9, 2002. Staff revised the design concept based upon the comments and ideas of both the Port's Citizen Advisory Committee's and those on the Port and BCDC design review committees. On August 7, the BCDC held an informational hearing on the project. On August 12, 2003, by Resolution 03-58, the Port Commission approved the final design concept for the Brannan Street Wharf developed by staff. Subsequently, the Port and Developer have filed with BCDC a Major Permit Application for the Cruise Terminal Project.

At its meeting of October 2, 2003, BCDC held a public hearing on the Major Permit Application for the Cruise Terminal Project. BCDC is scheduled to act on the Major Permit Application at its November 6, 2003 meeting. However, consistent with the requirements of Ch. 489, the proposed BCDC action on the Major Permit Application would authorize and direct the BCDC's Executive Director to execute and issue the Major Permit only upon the Port's satisfaction of the

following two conditions: (1) the Port has irrevocably encumbered all of the funds deemed necessary for the completion of the Brannan Street Wharf and has placed the funds in a segregated account guaranteed to be available to be drawn upon for the construction of the Brannan Street Wharf; and (2) the Port and BCDC have entered into the Agreement on the terms described below.

II. Terms of Agreement

In compliance with the requirements of Ch. 489, and consistent with the Transaction Documents, Port staff and BCDC staff have negotiated the Brannan Street Wharf Agreement on the following material terms and conditions. A draft of the proposed Agreement is on file with the Secretary of the Port Commission.

1. **Delivery of Agreement**: BCDC shall not issue the Permit for Piers 30-32 until the Port has delivered to BCDC the executed Agreement. The attached resolution authorizes and directs the Port's Executive Director to promptly execute and deliver the Agreement to BCDC upon approval of the Agreement by the Port Commission and BCDC and approval by the City Attorney on the final form of Agreement.

2. **Schedule for Construction of Brannan Street Wharf.**

    a. Required Schedule.

        i. Consistent with the schedule set forth in Ch. 489, the Agreement requires the Port, prior to delivery of the Piers 30-32 Lease to SFCT, to (a) complete and submit to BCDC Preliminary Engineering Drawings for Brannan Street Wharf (to be prepared by SFCT); (b) submit to BCDC a final budget for the Brannan Street Wharf; and (c) submit to BCDC a financing plan indicating amounts and sources of funds to complete construction of the Brannan Street Wharf.

        ii. Consistent with the schedule set forth in Ch. 489, the Agreement requires the Port to complete Phase 1 of the Brannan Street Wharf, consisting of the northern portion of the Brannan Street Wharf (in the area of Pier 34) as described in the Special Area Plan contemporaneously with the construction of the cruise terminal development on Piers 30-32.

        iii. Consistent with the schedule set forth in Ch. 489, the Agreement requires the Port to remove Pier 36 and complete the Brannan Street Wharf no later than five years after commencement of the construction of the cruise ship terminal development on Piers 30-32.

    b. Anticipated Schedule for Completion of the Brannan Street Wharf. Although the Agreement sets up a required schedule of performance consistent with Ch. 489 (as

described in Section 2(a) above), the Agreement also recognizes the Port Commission's policy (Resolution 03-28) to commence construction of the Brannan Street Wharf as soon as practicable after (1) the Port has obtained all necessary entitlements; and (2) the Port has obtained sufficient funds to allow for the construction thereof. Based on a $15 million cost for the Brannan Street Wharf and the anticipated Special Area Plan funding schedule attached hereto as Exhibit 1, satisfaction of these conditions is anticipated to occur during the latter half of 2005.

3. **Port's Use of Funds**. Ch. 489, and the Transaction Documents approved by the Port Commission and Board of Supervisors, require the Port to irrevocably encumber all funds deemed necessary for the completion of the Brannan Street Wharf and to place those funds in a segregated account guaranteed to be available to be drawn upon for the construction of the Brannan Street Wharf. In recognition of these requirements, the Agreement provides that the Port cannot take any action authorizing the use of the Brannan Street Wharf funds for any purpose other than the construction costs for the Brannan Street Wharf. Prior to issuance of the BCDC Permit for the Pier 30-32 project, the Port must provide BCDC with project account statements certified by Port's fiscal officer or City Controller showing that the Port holds funds in a segregated account for the benefit of the Brannan Street Wharf in amount no less than the final Brannan Street Wharf budget (anticipated to be $15 Million).

4. **Enforceability of Agreement**. Consistent with the requirements of Ch. 489, the Agreement will be a legally binding enforceable agreement. If the Port acts to authorize the expenditure of funds deposited in the segregated Brannan Street Wharf account in a manner inconsistent with the Agreement, or otherwise defaults in any of its obligations described above, BCDC may institute a legal action for specific performance, to enforce any remedies provided in the McAteer-Petris Act except revocation of the Cruise Terminal BCDC Permit, and to seek any other remedies permitted by law or at equity, including injunctive relief.

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 03-66

WHEREAS, In July 2000, after a five-year cooperative process involving the Port, BCDC, the Save San Francisco Bay Association, and numerous interested community groups and individuals, the Port adopted amendments to the Waterfront Land Use Plan, and BCDC adopted amendments to the Special Area Plan that required the development of a major public plaza called the Brannan Street Wharf adjacent to Pier 30-32; and

WHEREAS, After a Request for Qualifications and Proposals process, on January 11, 2000, the Port Commission awarded San Francisco Cruise Terminal, LLC ("Developer") the opportunity to enter into exclusive negotiations with the Port for the design and development of a first-class "James R. Herman International Cruise Terminal" and mixed-use development at Piers 30-32 and Seawall Lot 330; and

WHEREAS, In September 2001, the State Legislature passed Chapter 489, Statutes of 2001 ("Ch. 489"), sponsored by Assemblyman Kevin Shelley, as amended by Chapter 68 of the statutes of 2003 (collectively, "Ch. 489") that requires the Brannan Street Wharf be completed sooner than is required in the Special Area Plan, requires the Port to approve the final design concept for the Brannan Street Wharf prior to the submittal of a major permit application to BCDC, and prior to issuance of a BCDC permit for the Cruise Terminal project, requires the Port to irrevocably encumber funds for the completion of the Brannan Street Wharf, place the funds in a segregated account, and enter into an enforceable agreement that provides for the Port to fund, directly or though grant funding, or both, design and construct the Brannan Street Wharf consistent with the timetable set forth in Section 5(d) of Ch. 489; and

WHEREAS, on March 25, 2003, by Resolution No. 03-28, the Port Commission approved a Lease Disposition and Development Agreement, a Lease, a Purchase and Sale Agreement, and related actions, relating to the development of a mixed-use Cruise Terminal project at Pier 30-32, the development of the Brannan Street Wharf, and the sale to SFCT of an approximately 22,600 square foot parcel located at Seawall Lot 330 for development of a condominium project; and

WHEREAS, in connection with its approvals under Resolution No. 03-28, the Port Commission reviewed and considered the Revised FSEIR and the Waterfront Plan Final EIR (as those terms are defined in Port Commission Resolution No. 03-27), and, by Resolution No. 03-27, adopted CEQA Findings, including a statement of overriding considerations, attached to Resolution No. 03-27 as Attachment A, and its Exhibits 1 and 2, which CEQA Findings are incorporated herein by this reference; and

WHEREAS, the Port and BCDC staff have negotiated the terms of an enforceable agreement (the "Brannan Street Wharf Agreement"), consistent with the terms of Ch. 489, a copy of which is on file with the Secretary of the Port Commission in the file for this calendar item; and

RESOLVED, That the Port Commission has reviewed and considered the information contained in the Revised FSEIR and the Waterfront Plan Final EIR, and finds that for purposes of compliance with CEQA, the approval of the Brannan Street Wharf Agreement hereunder is part of the Cruise Terminal Project as that term is defined and examined in the Revised FSEIR and Waterfront Plan Final EIR for which the Port Commission, by Resolution No. 03-27, has adopted findings as required by CEQA, which findings are on file with the Secretary of the Port Commission under File No. 03-27, and which findings are incorporated herein by reference; and be it further

RESOLVED, That based on the foregoing, the Port Commission hereby finds that: (1) the approval of the Brannan Street Wharf Agreement hereunder is within the scope of the Cruise Terminal Project as that term is defined and analyzed in the Revised FSEIR and the Waterfront Plan Final EIR and does not raise any important new issues about the significant effects on the environment not previously considered in the Revised FSEIR and the Waterfront Plan Final EIR; (2) no changes are proposed or have occurred in the Cruise Terminal Project that would require major revisions to the Revised FSEIR and the Waterfront Plan Final EIR due to the involvement of significant new environmental effects or a substantial increase in the severity of previously identified significant effects; (3) no substantial changes have occurred with respect to the circumstances under which the Cruise Terminal Project is being undertaken that would require major revisions to the Revised FSEIR and the Waterfront Plan Final EIR due to the involvement of significant new environmental effects or a substantial increase in the severity of previously identified significant effects; and (4) no new information of substantial importance has become available since the Revised FSEIR was certified indicating that: (a) the Cruise Terminal Project will have one or more significant effects not discussed in the Revised FSEIR and the Waterfront Plan Final EIR; (b) significant effects examined in the Revised FSEIR and the Waterfront Plan Final EIR would be substantially more severe; (c) mitigation measures or alternatives previously found not to be feasible would in fact be feasible and would substantially reduce one or more significant effects of the Cruise Terminal Project; or (d) mitigation measures or alternatives which are considerably different from those analyzed in the Revised FSEIR and the Waterfront Plan Final EIR would substantially reduce one or more significant effects on the environmental; and be it further

RESOLVED, That the Port Commission authorizes and directs the Executive Director of the Port (the "Executive Director") to finalize and execute the Brannan Street Wharf Agreement with BCDC on the material terms set forth in the Memorandum to Port Commission dated October 22, 2003, a copy of which is on file with the Port Commission Secretary for Item 5A, and is incorporated herein by this reference, and in such final form as is approved by the Executive Director in consultation with the City Attorney; and be it further

RESOLVED, That the Executive Director is hereby authorized and urged, in the name and on behalf of the City and County and the Port, to execute and deliver all agreements and instruments as may be necessary to implement the Brannan Street Wharf Agreement, and to take any and all steps as he deems necessary or appropriate to effectuate the purpose and intent of this resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of any such documents; and be it further

RESOLVED, That the Port Commission approves, confirms and ratifies all prior actions taken by the officials, employees and agents of the Port Commission or the City with respect to the Cruise Terminal Mixed Use Project, the Brannan Street Wharf and the Condo Site.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of October 28, 2003.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

October 22, 2003

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Michela Alioto-Pier
Hon. Susan J. Bierman
Hon. Wilfred W. Hsu

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval and ratification of applications for grant funds totaling $600,000 from the State Department of Parks and Recreation from the Recreational Trails Program and the Murray-Hayden Program for the Pier 14 Public Pier Project, and authorization to accept and expend those grant funds.

DIRECTOR'S RECOMMENDATION: APPROVE AND RATIFY THE APPLICATIONS AND AUTHORIZE THE EXECUTIVE DIRECTOR TO ACCEPT AND EXPEND GRANT FUNDS FROM THE STATE DEPARTMENT OF PARKS AND RECREATION FOR THE PIER 14 PUBLIC PIER PROJECT.

Project Description. A component of the Downtown Ferry Terminal is the breakwater that was recently constructed to the south of the Agriculture Building. The breakwater is designed to protect the south ferry berths from winter storm surge, making ferry service possible in most all weather conditions. The proposed Downtown Ferry Terminal "Pier 14 Public Pier" project will finish the top of the breakwater with public pedestrian improvements and connect it to Herb Caen Way (the Embarcadero Promenade).

The proposed Pier 14 will take advantage of its unique condition, taking a needed breakwater and making it a landmark open space where the public can appreciate the Bay. Phase I of Pier 14 is the approximately 100-foot pier extension that is currently under construction to connect the freestanding breakwater to the Embarcadero Promenade, and a circular terminus at the outer end, 600+ feet into the Bay. Visitors will be able to walk out into the Bay and view interpretive information about ferry activities, Bay currents, and Bay habitat, and enjoy views back to the City and Bay Bridge.

The breakwater was designed and built to support public access. The concrete topping slab installed on the breakwater is the final finished pavement for the public pier, and railing brackets were placed within the topping slab. Construction of Pier 14 is divided in to two phases to

OF SAN FRANCISCO
TEL 415 274 0400 TTY 415 274 0587 ADDRESS Pier 1
FAX 415 274 0528

reflect the different construction types of pier construction and finish pedestrian improvements. The separation of phases also met earlier funder's requirements of expending funds within certain grant agreement deadlines before the Port was able to obtain complete project funding.

Proposed Funding. The Port has the opportunity to apply for funds from two separate grants offered by the State Department of Parks and Recreation. On October 1, staff submitted an application for $200,000 from the Recreational Trails Program and on December 15, with the Commission's authorization, will submit an application for $400,000 from the Murray-Hayden Program. The attached resolution will authorize the Port to accept and expend these grant funds, which together would complete the Project funding. Additionally, the State's Operating Agreement contains standard indemnity provisions, requiring the Port to indemnify and hold the State harmless against claims, damages and liability arising out of the Project. The City Risk Manager and the City Attorney's Office have previously reviewed and approved similar indemnity provisions. Staff is seeking Commission authorization to enter into both funding Agreements.

Environmental Review. On August 8, 1997, the San Francisco Planning Department adopted a final negative declaration, finding that there is no substantial evidence that the Project could have a significant effect on the environment. The Negative Declaration included the breakwater structure as well as an Embarcadero Promenade extension and a connecting 300-foot trestle structure to allow public access. A copy of the Negative Declaration is on file with the Secretary of the Port Commission for this item.

Regulatory Approvals. The Ferry Terminal Public Pier has received all the needed regulatory approvals from BCDC, the Army Corp of Engineers, and the Regional Water Quality Control Board. The Project is designed, permitted, fully approved and ready for its second phase of construction to add handrails and site furnishings. It is part of the Port's *Waterfront Land Use Plan*, and is supported by BCDC, the California State Coastal Conservancy, the Association of Bay Area Governments, Save San Francisco Bay Association, other agencies, and citizen groups.

Project Funding. The total cost of the Public Pier improvements is estimated at approximately $2.25 million (see Attachment A for complete funding summary). The Port recently secured several grants for this Project bringing the total available funding to $1.65 million.

Project Schedule. Upon successful completion of funding, the Port's Engineering Division will finalize the Phase II construction documents by January 31, 2004, bid and award a contract by May 30, and complete construction by September 2004.

Commission Action. Port staff seeks Commission approval and ratification of the applications and authorization to accept and expend grant funds totaling $600,000 from the State Department of Parks and Recreation from the Recreational Trails Program and the Murray-Hayden Program for the Pier 14 Public Pier Project. A separate resolution for each grant application is requested and attached.

Prepared by: Dan Hodapp, Senior Waterfront Planner

Attachment A

Cost Estimate & Funding Sources

Pier 14 Public Pier			
Funding Summary			
Funding Source	**Amount**	**Phase I**	**Phase II**
ABAG Bay Trail	$200,000.00	$180,000.00	$20,000.00
Coastal Conservancy	$400,000.00	$360,000.00	$40,000.00
NOAA	$105,920.00	$102,500.00	$3,420.00
DPW/MTC	$50,000.00	$50,000.00	$0.00
Port Capital	$300,000.00	$300,000.00	$0.00
Wildlife Conservation Board	$200,000.00	$200,000.00	$0.00
EEM	$200,000.00	$0.00	$200,000.00
Remaining DFT monies			$150,000.00
Anticipated available contingency money from phase I		$0.00	$50,000.00
Total Available funding	**$1,455,920.00**	**$1,192,500.00**	**$463,420.00**
Total Project Cost	$2,254,550.00		
Cost Estimate of Phase I			
New piles and conc deck			
mobilization and siltation prevention		$1,025,000	
10% contingency		$102,500	
Construction support services		$65,000	
Total Phase I		**$1,192,500**	
Cost Estimate of Phase II			
Entry Portal and Gate			$70,000
Signs			$7,500
Site Furniture			$35,000
Guardrail			$780,000
Deck prep. And conc. Sealing			$55,000
Construction Inspection			$18,000
		Total base bid	**$965,500**
		Contingency	**$96,550**
		Grand total	**$1,062,050**
		Total shortfall	**$598,630**
Proposed Sources to Fund Shortfall			
State Parks - Recreational Trails Program			$200,000
State Parks - Murray-Hayden Urban Parks and Youth Services			$400,000
			$600,000

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 03-67

WHEREAS, the Pier 14 Public Pier is a component of the Downtown Ferry Terminal project that would add public access on top of a required breakwater constructed to protect new berths from winter storm damage (the "Project"); and

WHEREAS, the Project is an important part of the Port's Waterfront Land Use Plan; and

WHEREAS, all relevant agencies, including the Bay Conservation and Development Commission, the Regional Water Quality Control Board, and the Army Corps of Engineers, have issued permits for approval of the Project; and

WHEREAS, the San Francisco Planning Department adopted and issued a Final Negative Declaration (the "Negative Declaration") pursuant to the California Environmental Quality Act on August 7, 1997 and the Federal Highway Administration issued a Finding of No Significant Impact pursuant to the National Environmental Policy Act for the Downtown Ferry Terminal Project, which incorporates the Project; and

WHEREAS, the Port Commission previously reviewed the Negative Declaration and determined that there is no substantial evidence that the Project could have a significant effect on the environment; and

WHEREAS, the Transportational Equity Act For The 21st Century provides funds to the State of California for grants to state, local and non-profit organizations to acquire, develop and/or maintain motorized and non-motorized trail purposes; and

WHEREAS, the State Department of Parks and Recreation has been delegated the responsibility for the administration of the program within the State, setting up necessary procedures governing project application under the program; and

WHEREAS, the applicant will enter into an agreement with the State of California to accept and expend grant funds; now, therefore be it

RESOLVED, that the Port Commission hereby approves the filing of an application for the Recreational Trails Program funding, and authorizes the Executive Director to accept and expend those funds; and certifies that the Port has or will have available prior to commencement of any work on the Project, sufficient funds to operate and maintain the Project; and appoints the Executive Director as agent of the Port of San Francisco to conduct all negotiations, execute and submit all documents, including, but not limited to applications, agreements, amendments, payment requests and so on, which may be necessary for the completion of the aforementioned Project, including if appropriate, indemnifying the State or Federal Government for liability associated with the Project to the extent approved by the City's Risk Manager and the City Attorney's Office.

I hereby authorize that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of October 28, 2003.

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Secretary

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 03-68

WHEREAS, the Pier 14 Public Pier is a component of the Downtown Ferry Terminal project that would add public access on top of a required breakwater constructed to protect new berths from winter storm damage (the "Project"); and

WHEREAS, the Project is an important part of the Port's Waterfront Land Use Plan; and

WHEREAS, all relevant agencies, including the Bay Conservation and Development Commission, the Regional Water Quality Control Board, and the Army Corps of Engineers, have issued permits for approval of the Project; and

WHEREAS, the San Francisco Planning Department adopted and issued a Final Negative Declaration (the "Negative Declaration") pursuant to the California Environmental Quality Act on August 7, 1997 and the Federal Highway Administration issued a Finding of No Significant Impact pursuant to the National Environmental Policy Act for the Downtown Ferry Terminal Project, which incorporates the Project; and

WHEREAS, the Port Commission previously reviewed the Negative Declaration and determined that there is no substantial evidence that the Project could have a significant effect on the environment; and

WHEREAS, the people of the State of California have enacted the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002, which provides funds to the State of California for grants to eligible Applicants; and

WHEREAS, the California Department of Parks and Recreation has been delegated the responsibility for the administration of the Murray-Hayden Urban Parks and Youth Service Program and the grant Project shown above within the State, setting up necessary procedures, and

WHEREAS, the applicant will enter into an agreement with the State of California to accept and expend grant funds; now, therefore be it

RESOLVED, that the Port Commission hereby approves the filing of an application for the Murray Hayden Program funding, and authorizes the Executive Director to accept and expend those funds; and certifies that the Port has or will have available prior to commencement of any work on the Project, sufficient funds to operate and maintain the Project; and appoints the Executive Director as agent of the Port of San Francisco to conduct all negotiations, execute and submit all documents, including, but not limited to applications, agreements, amendments, payment requests and so on, which may be necessary for the completion of the aforementioned Project, including if appropriate, indemnifying the State or Federal Government for liability associated with the Project to the extent approved by the City's Risk Manager and the City Attorney's Office.

I hereby authorize that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of October 28, 2003.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

October 22, 2003

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Michela Alioto-Pier
Hon. Sue Bierman
Hon. Wilfred Hsu

FROM: Douglas F. Wong, Executive Director

SUBJECT: Revision to the Port's Fiscal Year 2003/04 Operating Budget

DIRECTOR'S RECOMMENDATION: Approve Revisions to Annual Operating Budget for FY 2003/04

At the January 28, 2003 meeting, the Port Commission approved the proposed FY 2003/04 Operating Budget. This proposed budget was submitted to the Mayor and the Board of Supervisors for their review and approval. During this process, substantial changes were made to the budget. We are now bringing this Revised Version of the FY 2003/04 Operating Budget before you for your approval.

The changes to the budget are summarized in the table below. The most significant increases to the budget are the proposed $2.0 million to cover projected eligible reimbursable service costs in FY 2003/04, $400,000 increase for facilities maintenance, and $300,000 to fund the management audit. The most significant decreases in the budget are the $1,735,812 decrease for salary and fringe benefits, and $305,085 decrease for indirect cost reimbursements (COWCAP).

Summary of Commission vs. Board Approved Operating Budget, F Y 03/04 vs. FY 02/03

	FY 02/03	FY 03/04 Approved		Bd. of Sups.		Bd. of Sups.	
	Bd. of Sups. Approved	Commission January 2003	Bd. of Sups.* August 2003	vs. Commission	Percent Change	FY 03/04 vs. FY 02/03	Percent Change
Salaries & Fringe	$22,474,256	$23,683,947	$21,948,135	($1,735,812)	-7.3%	($526,121)	-2.3%
Indirect Cost Reimbursement	728,426	728,426	423,341	(305,085)	-41.9%	(305,085)	-41.9%
Other Current Expenses	6,574,102	6,647,802	6,769,326	121,524	1.8%	195,224	3.0%
Materials & Supplies	1,445,046	1,664,234	1,535,378	(128,856)	-7.7%	90,332	6.3%
Judgment, Claims & Litigation	250,000	750,000	850,000	100,000	13.3%	600,000	240.0%
Equipment Purchase	90,000	320,000	306,500	(13,500)	-4.2%	216,500	240.6%
Facilities Maintenance	524,800	591,200	991,200	400,000	67.7%	466,400	88.9%
Debt Service	7,029,240	6,159,325	6,159,325	0	0.0%	(869,915)	-12.4%
Services Other Dept**	11,370,354	10,349,513	12,464,877	2,115,364	20.4%	1,094,523	9.6%
Other Expenses	322,241	472,783	377,483	(95,300)	-20.2%	55,242	17.1%
Total Operating Expenses	**$50,808,465**	**$51,367,231**	**$51,825,565**	**$458,335**	**0.9%**	**$1,017,101**	**2.0%**
Total Revenue	$51,011,970	$51,247,000	$51,825,565	$578,565	1.1%	$813,595	1.6%
Total Operating Expenses	50,808,465	51,367,231	51,825,565	458,335	0.9%	1,017,100	2.0%
Net Change	**$203,505**	**($120,231)**	**($0)**	**$120,230**	**0.0%**	**($203,505)**	**-100.0%**

* Includes changes by staff.
** Work Order.

THIS PRINT COVERS CALENDAR ITEM NO. **6A**

The Port is working with the Mayor's office, along with the Controller and the City Attorney to review the Port's reimbursements to the City for the costs the City incurred in support of the Port and its tenants. In those cases where it is determined that the Port has not properly reimbursed the City for legally eligible costs the Port will reimburse the City from the $2 million set aside in this revised budget. An outside consultant, Bay Area Economics, is conducting the study of reimbursable costs. Port staff, representatives from the Mayor's Office, Controllers Office and the City Attorney are jointly overseeing this study. This study is prerequisite to the proposed transfer from the Port to the City and County of San Francisco to cover projected eligible reimbursable service costs in FY 2002-2003.

Staff recommends that you pass this budget as revised by the Board of Supervisors.

Attached for your reference and information, please find a summary of revenue and expenditure details.

The proposed changes will result in an increase of $458,335 over the budget approved by the Commission on January 28, 2003. Staff requests Commission approval of the revisions to Port Annual Operating Budget as described herein. At the conclusion of the study of reimbursable costs, staff will identify the expense items that are eligible for reimbursement and seek Commission authorization for the expense, if any.

Prepared by: Chudi Chuba

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 03-64

WHEREAS, Under Charter Section B3.581 (s), the Port Commission has the exclusive power to expend all funds necessary to carrying out its power and duty to operate and control the port areas of San Francisco; and

WHEREAS, pursuant to that power, Port staff developed a Fiscal Year 2003/04 operating budget; and

WHEREAS, this operating budget, which included projected revenues of $51,247,100 and projected expenses of $51,367,231, was approved by the Commission by Resolution No. 03-07 at its January 28, 2003 meeting; and

WHEREAS, Port staff submitted this budget to the Mayor and the Board of Supervisors for their approval; and

WHEREAS, in its Resolution No. 03-07 the Commission authorized the Executive Director to make non-material changes to the operating budget as necessary; and

WHEREAS, the operating budget that was approved by the Mayor and the Board of Supervisors contains material changes; and

WHEREAS, staff has reviewed the revised operating budget that was approved by the Mayor and the Board of Supervisors; and

WHEREAS, the revised operating budget that was approved by the Mayor and the Board of Supervisors has $300,000 in funding for management audit of the Port to be conducted by the Budget Analyst; and

WHEREAS, the revised operating budget includes a $2 million set aside to reimburse the City for legally eligible costs as determined by a study to be undertaken this fiscal year; and

WHEREAS, the revised operating budget includes projected revenues of $51,825,565; and

WHEREAS, the revised operating budget includes projected expenses of $51,825,565; now therefore, be it

RESOLVED, that the Port Commission hereby approves the revised Fiscal Year 2003/04 operating budget as approved by the Board of Supervisors, provided, however, that any expenditure from the $2 million set aside shall not be expended until specifically approved by the Port Commission, and be it further

RESOLVED, that the Port Commission directs the Executive Director to seek Commission authorization for any expenditure from the $2 million amount set aside to reimburse the City for eligible costs identified in the study of reimbursable costs.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of October 28, 2003.

_____
Secretary

PORT OF SAN FRANCISCO
REVENUE AND EXPENSE SUMMARY
FISCAL YEAR 2003/04

	Actual 01/02	Budget 01/02	Budget 02/03	Budget 03/04	Increase / Decrease Amount	Increase / Decrease Percent
Revenue	$51,398,518	$58,886,687	$51,011,970	$51,825,565	$813,595	1.6%
Expense	48,313,562	58,886,581	50,808,465	51,825,565	1,017,100	2.0%
Surplus	$3,084,956	$106	$203,506	$0	($203,505)	-100.0%

PORT EXPENSE SUMMARY
FISCAL YEAR 2003/04

	Actual 01/02	Budget 01/02	Budget 02/03	Budget 03/04	Increase / Decrease Amount	Increase / Decrease Percent
Salaries						
Salaries	$16,904,306	$17,404,387	$18,018,336	$18,071,242	$52,905	0.3%
Fringe Benefits	4,383,510	4,568,131	4,455,920	3,876,894	(579,026)	-13.0%
Subtotal	21,287,816	21,972,518	22,474,256	21,948,135	(526,121)	-2.3%
City-wide Overhead	652,541	652,541	728,426	423,341	(305,085)	-41.9%
Other Current Expenses						
Travel	104,909	118,543	108,255	73,895	(34,360)	-31.7%
Training	109,768	115,000	90,000	75,000	(15,000)	-16.7%
Employee Field Expenses	3,264	4,440	4,663	3,684	(979)	-21.0%
Membership Fees	42,628	57,095	47,685	47,110	(575)	-1.2%
Promotional & Entertain.	291,211	243,887	252,700	221,204	(31,496)	-12.5%
Prof. & Specialized Svcs	658,674	1,206,820	1,123,220	1,279,300	156,080	13.9%
Maint Svcs - Bldg & Structures	544,837	800,852	727,800	787,400	59,600	8.2%
Maint Svcs - Equipment	305,714	410,034	419,993	417,722	(2,271)	-0.5%
Rents & Leases - Buildings	2,537,900	2,558,600	2,586,125	2,607,420	21,295	0.8%
Rents & Leases - Equipment	119,939	102,287	153,406	166,261	12,855	8.4%
Utilities Expenses	592,238	556,000	669,600	641,000	(28,600)	-4.3%
Other Current Expenses	272,883	372,385	390,655	449,330	58,675	15.0%
Subtotal	5,583,965	6,545,943	6,574,102	6,769,326	195,224	3.0%
Materials & Supplies	2,223,837	2,033,640	1,445,046	1,535,378	90,332	6.3%
Fixed Charges	255,087	326,525	358,584	1,016,400	657,816	183.4%
Capital Outlay	768,676	1,181,325	90,000	306,500	216,500	240.6%
Facilities Maintenance	0	802,900	524,800	991,200	466,400	88.9%
Debt Service	10,072,800	15,707,546	7,029,240	6,159,325	(869,915)	-12.4%
Services of Other Departments						
ADM - Insurance & Risk	50,000	1,300,000	1,889,763	2,268,556	378,793	20.0%
City Attorney - Legal Services	1,597,772	1,733,820	1,983,534	2,233,534	250,000	12.6%
Fire Protection	1,339,451	1,506,600	1,629,828	1,693,435	63,607	3.9%
DHR - Workers Compensation	639,501	324,926	600,000	750,000	150,000	25.0%
PUC - Light, Heat & Power	1,286,557	1,496,360	1,332,360	1,374,000	41,640	3.1%
All Other Departments	2,262,025	2,521,903	3,934,869	4,145,352	210,483	5.3%
Subtotal	7,175,306	8,883,609	11,370,354	12,464,877	1,094,523	9.6%
Interdepartmental Recovery	0	486,500	(99,800)	(108,800)	(9,000)	9.0%
Revenue Transfer Out - DPT	293,534	293,534	313,457	319,883	6,426	2.1%
Total	$48,313,562	$58,886,581	$50,808,465	$51,825,565	$1,017,100	2.0%

PORT EXPENSE SUMMARY
BY DIVISION
FISCAL YEAR 2003/04

	Actual 01/02	Budget 01/02	Budget 02/03	Budget 03/04	Increase / Decrease Amount	Increase / Decrease Percent
Maritime	$1,400,585	$1,816,777	$1,753,699	$1,669,860	($83,839)	-4.8%
Real Estate	7,331,199	8,661,933	10,130,767	10,583,461	452,694	4.5%
Planning & Development	1,623,172	2,174,956	2,010,569	1,928,990	(81,579)	-4.1%
Administrative Services	19,225,382	27,463,010	16,489,194	16,354,264	(134,930)	-0.8%
Engineering & Maintenance	16,658,779	16,631,952	17,560,789	18,224,051	663,262	3.8%
Executive	2,074,444	2,137,952	2,863,447	3,064,939	201,492	7.0%
Total	$48,313,562	$58,886,581	$50,808,465	$51,825,565	$1,017,100	2.0%

PORT EXPENDITURE SCHEDULE
FISCAL YEAR 2003/04

Char	Obj	Subobj		Actual 01/02	Budget 01/02	Budget 02/03	Budget 03/04	Increase / Decrease Amount	Increase / Decrease Percent
Salaries									
001	001	00101	Permanent Salaries	$16,122,321	$16,566,618	$17,225,862	$17,212,261	($13,601)	-0.1%
001	005	00501	Temp. Salaries	113,270	352,684	227,839	249,711	21,872	9.6%
001	009	00901	Premium Pay	184,483	101,227	155,552	153,414	(2,138)	-1.4%
001	011	01101	Overtime	484,232	383,858	409,083	455,856	46,773	11.4%
			Subtotal	16,904,306	17,404,387	18,018,336	18,071,242	52,905	0.3%
013	013	01300	Mandatory Fringe Benefits	4,383,510	4,568,131	4,455,920	3,876,894	(579,026)	-13.0%
			Subtotal Salaries & Fringe	21,287,816	21,972,518	22,474,256	21,948,135	(526,121)	-2.3%
020	020	02000	Indirect Cost Reimbursement	652,541	652,541	728,426	423,341	(305,085)	-41.9%
Other Current Expenses									
021	021	02100	Travel - Budget	104,909	118,543	108,255	73,895	(34,360)	-31.7%
021	022	02200	Training - Budget	109,768	115,000	90,000	75,000	(15,000)	-16.7%
021	023	02300	Employee Field Expenses - Budget	3,264	4,440	4,663	3,684	(979)	-21.0%
021	024	02400	Membership Fees	42,628	57,095	47,685	47,110	(575)	-1.2%
021	025	02500	Promotional & Entertain. - Budget	291,211	243,887	252,700	221,204	(31,496)	-12.5%
021	027	02700	Prof. & Specialized Svcs - Budget	658,674	1,206,820	1,123,220	1,279,300	156,080	13.9%
021	028	02800	Maint Svcs - Bldg & Structures - Budget	544,837	800,852	727,800	787,400	59,600	8.2%
021	029	02900	Maint Svcs - Equipment - Budget	305,714	410,034	419,993	417,722	(2,271)	-0.5%
021	030	03000	Rents & Leases - Bldgs & Struct - Budget	2,537,900	2,558,600	2,586,125	2,607,420	21,295	0.8%
021	031	03100	Rents & Leases - Equipment - Budget	119,939	102,287	153,406	166,261	12,855	8.4%
021	032	03200	Utilities Expenses - Budget	592,238	556,000	669,600	641,000	(28,600)	-4.3%
021	035	03500	Other Current Expenses - Budget	272,883	372,385	390,655	449,330	58,675	15.0%
			Subtotal	5,583,965	6,545,943	6,574,102	6,769,326	195,224	3.0%
040	040	04000	Materials & Supplies - Budget	2,223,837	2,033,640	1,445,046	1,535,378	90,332	6.3%
050	052	05200	Taxes, Licenses & Permits - Budget	77,965	76,525	108,584	166,400	57,816	53.2%
050	053	05300	Judgment, Claims & Litigation - Budget	177,122	250,000	250,000	850,000	600,000	240.0%
			Subtotal	255,087	326,525	358,584	1,016,400	657,816	183.4%
060	060	06000	Equipment Purchase - Budget	768,676	1,181,325	90,000	306,500	216,500	240.6%
06F	06F	06F00	Facilities Maintenance - Budget	0	802,900	524,800	991,200	466,400	88.9%
070	070	0700	Debt Service - Budget	10,072,800	15,707,546	7,029,240	6,159,325	(869,915)	-12.4%

PORT EXPENDITURE SCHEDULE
FISCAL YEAR 2003/04

Char	Obj	Subobj		Actual 01/02	Budget 01/02	Budget 02/03	Budget 03/04	Increase / Decrease Amount	Increase / Decrease Percent
Services of Other Departments									
081	081	081BD	Board of Supervisors	0	0	0	300,000	300,000	0.0%
081	081	081EV	Environment	18,258	18,258	18,258	41,154	22,896	125.4%
081	081	081CB	ADM - Insurance & Risk	50,000	1,300,000	1,889,763	2,268,556	378,793	20.0%
081	081	081CP	City Planning	90,910	212,681	151,181	151,181	0	0.0%
081	081	081CT	City Attorney - Legal Svcs.	1,597,772	1,733,820	1,983,534	2,233,534	250,000	12.6%
081	081	081CZ	TIS - Special Projects	4,982	4,982	0	23,533	23,533	0.0%
081	081	081C4	Controller - Internal Audit	70,304	84,000	84,000	84,000	0	0.0%
081	081	081C5	ISD - Maintenance & Operations	271,536	240,534	252,523	243,180	(9,343)	-3.7%
081	081	081ED	Business & Economic Devel. - Mayor's	50,000	50,000	75,331	75,331	0	0.0%
081	081	081BI	Department of Building Inspection	269,500	385,000	15,000	15,000	0	0.0%
081	081	081ET	TIS - Telephone	286,437	188,057	289,747	259,677	(30,070)	-10.4%
081	081	081FD	Fire	1,339,451	1,506,600	1,629,828	1,693,435	63,607	3.9%
081	081	081HE	SFGH - Medical Services	10,584	9,000	9,000	9,000	0	0.0%
081	081	081HT	CHS - Toxic Waste & Haz Mat Svcs	13,398	42,795	0	0	0	0.0%
081	081	081HX	HR-HSS Life Insurance	0	0	7,222	8,474	1,252	17.3%
081	081	081HY	HR-MGMT Comp & Clasification	0	0	11,848	15,354	3,506	29.6%
081	081	081HZ	HR - HR Management System	24,957	24,957	22,953	18,553	(4,400)	-19.2%
081	081	081H2	HR - Management Training	2,895	6,188	6,188	6,188	0	0.0%
081	081	081H3	HR - Workers Comp.	639,501	324,926	600,000	750,000	150,000	25.0%
081	081	081H4	HR - Employee Assistance Program	0	0	0	0	0	0.0%
081	081	081H7	HR - Labor Negotiations	18,433	18,433	32,724	14,302	(18,422)	-56.3%
081	081	081H8	HR - Drug Testing	9,376	9,376	9,376	8,204	(1,172)	-12.5%
081	081	081H9	Human Rights Commission	217,657	217,657	187,192	114,879	(72,313)	-38.6%
081	081	081MY	Mayor's Office Services	186,000	186,000	70,792	70,792	0	0.0%
081	081	081M2	Mayor's Youth Works	4,600	4,600	6,400	6,400	0	0.0%
081	081	081PA	PURCH - Central Shops - Auto	9,615	12,100	5,800	5,800	0	0.0%
081	081	081PG	PURCH - General Office	52,082	52,082	56,249	56,811	562	1.0%
081	081	081PH	OCA - MCO Living Health	202,683	202,683	60,535	30,268	(30,268)	-50.0%
081	081	081PM	PURCH - Mail	0	0	0	2,741	2,741	0.0%
081	081	081PR	PURCH - Reproduction	14,017	36,000	24,800	22,385	(2,415)	-9.7%
081	081	081PS	Police Security	143,065	99,020	132,250	227,145	94,895	71.8%
081	081	081RE	Real Estate	36,566	100,000	80,000	90,000	10,000	12.5%
081	081	081RP	Rec & Park - Gardener	662	4,300	500	500	0	0.0%
081	081	081UL	PUC - Light, Heat & Power	1,286,557	1,496,360	1,332,360	1,374,000	41,640	3.1%
081	081	081UW	PUC - Water	1,242	3,000	2,000	2,000	0	0.0%
081	081	081SB	Surety Bond	65,000	65,000	65,000	65,000	0	0.0%
081	081	081PK	Parking & Traffic	22,100	15,000	80,500	0	(80,500)	-100.0%
081	081	081WG	DPW - General Administration	24,607	25,000	15,000	15,000	0	0.0%
081	081	081HF	DPW - Geogrphic Data Svc	0	0	0	0	0	0.0%
081	081	081WA	DPW - Architecture	0	0	0	0	0	0.0%
081	081	081WB	DPW - Building Repair	5,028	7,700	0	0	0	0.0%
081	081	081WE	DPW - Engineering	2,515	22,500	0	0	0	0.0%
081	081	081WR	DPW - Street Repair	133,016	175,000	162,500	162,500	0	0.0%
081	081	08199	MISC Department	0	0	2,000,000	2,000,000	0	0.0%
			Subtotal	7,175,306	8,883,609	11,370,354	12,464,877	1,094,523	9.6%
086	086	08699	Interdepartmental Recovery	0	486,500	(99,800)	(108,800)	(9,000)	9.0%
091	093	0931G	Revenue Transfer Out - DPT	293,534	293,534	313,457	319,883	6,426	2.1%
			Total	48,313,562	58,886,581	50,808,465	51,825,565	1,017,100	2.0%

DIVISION EXPENSE
FISCAL YEAR 2003/04

Char	Obj	Subobj		Maritime	Real Estate	Planning & Development	Administrative Services	Engineering & Maintenance	Executive	Total
Salaries										
001	001	00101	Permanent Salaries	$925,190	$1,657,846	$1,285,341	$2,970,180	$9,865,833	$507,871	$17,212,261
001	005	00501	Temp. Salaries	0	0	31,230	22,149	185,828	10,504	249,711
001	009	00901	Premium Pay	4,346	10,300	8,240	14,782	109,928	5,818	153,414
001	011	01101	Overtime	4,559	1,922	400	16,653	432,322	0	455,856
			Subtotal	934,095	1,670,068	1,325,211	3,023,765	10,593,910	524,193	18,071,242
013	013	01300	Mandatory Fringe Benefits	155,840	279,245	203,943	1,373,712	1,789,958	74,196	3,876,894
			Subtotal Salaries & Fringe	1,089,935	1,949,313	1,529,154	4,397,476	12,383,868	598,389	21,948,135
020	020	02000	Indirect Cost Reimbursement	0	0	0	423,341	0	0	423,341
Other Current Expenses										
021	021	02100	Travel - Budget	21,693	4,400	6,000	11,796	14,002	16,004	73,895
021	022	02200	Training - Budget	0	0	0	75,000	0	0	75,000
021	023	02300	Employee Field Expenses - Budget	365	0	1,200	456	1,063	600	3,684
021	024	02400	Membership Fees	11,200	4,400	1,500	3,775	7,735	18,500	47,110
021	025	02500	Promotional & Entertain. - Budget	113,417	10,000	8,000	2,775	3,100	83,912	221,204
021	027	02700	Prof. & Specialized Svcs - Budget	133,100	479,000	68,000	467,200	97,000	35,000	1,279,300
021	028	02800	Maint Svcs - Bldg & Structures - Budget	10,500	529,400	0	0	247,500	0	787,400
021	029	02900	Maint Svcs - Equipment - Budget	16,500	1,300	400	209,693	189,829	0	417,722
021	030	03000	Rents & Leases - Bldgs & Struct - Budget	0	2,607,420	0	0	0	0	2,607,420
021	031	03100	Rents & Leases - Equipment - Budget	6,500	25,000	400	0	132,361	2,000	166,261
021	032	03200	Utilities Expenses - Budget	0	641,000	0	0	0	0	641,000
021	035	03500	Other Current Expenses - Budget	45,550	34,800	57,500	163,854	128,626	19,000	449,330
			Subtotal	358,825	4,336,720	143,000	934,549	821,216	175,016	6,769,326
040	040	04000	Materials & Supplies - Budget	10,600	20,000	5,000	214,798	1,271,980	13,000	1,535,378
050	052	05200	Taxes, Licenses & Permits - Budget	11,000	900	22,000	0	132,500	0	166,400
050	053	05300	Judgment, Claims & Litigation - Budget	0	0	0	850,000	0	0	850,000
			Subtotal	11,000	900	22,000	850,000	132,500	0	1,016,400
060	060	06000	Equipment Purchase - Budget	0	0	0	6,500	300,000	0	306,500
06F	06F	06F00	Facilities Maintenance - Budget	90,000	125,000	25,000	0	751,200	0	991,200
070	070	0700	Debt Service - Budget	0	0	0	6,159,325	0	0	6,159,325

DIVISION EXPENSE
FISCAL YEAR 2003/04

Char	Obj	Subobj		Maritime	Real Estate	Planning & Development	Administrative Services	Engineering & Maintenance	Executive	Total
Services of Other Departments										
081	081	081 BD	Board of Supervisors	0	300,000	0	0	0	0	300,000
081	081	081EV	Environment	0	0	0	25,000	16,154	0	41,154
081	081	081CB	ADM - Insurance & Risk	0	0	0	2,268,556	0	0	2,268,556
081	081	081CP	City Planning	0	0	151,181	0	0	0	151,181
081	081	081CT	City Attorney - Legal Svcs.	0	0	0	0	0	2,233,534	2,233,534
081	081	081CZ	TIS - Speical Projects	0	0	0	23,533	0	0	23,533
081	081	081C4	Controller - Internal Audit	0	0	0	84,000	0	0	84,000
081	081	081C5	ISD - Maintenance & Operations	0	0	0	243,180	0	0	243,180
081	081	081ED	Business & Economic Devel. - Mayor's	0	0	0	75,331	0	0	75,331
081	081	081BI	Department of Building Inspection	0	0	0	0	15,000	0	15,000
081	081	081ET	TIS - Telephone	0	0	0	259,677	0	0	259,677
081	081	081FD	Fire	0	0	0	0	1,693,435	0	1,693,435
081	081	081HE	SFGH - Medical Services	0	0	0	0	9,000	0	9,000
081	081	081HT	CHS - Toxic Waste & Haz Mat Svcs	0	0	0	0	0	0	0
081	081	081HX	HR-HSS Life Insurance	0	0	0	8,474	0	0	8,474
081	081	081HY	HR-MGMT Comp & Clasification	0	0	0	15,354	0	0	15,354
081	081	081HZ	HR - HR Management System	0	0	0	18,553	0	0	18,553
081	081	081H2	HR - Management Training	0	0	0	6,188	0	0	6,188
081	081	081H3	HR - Workers Comp.	0	0	0	0	750,000	0	750,000
081	081	081H4	HR - Employee Assistance Program	0	0	0	0	0	0	0
081	081	081H7	HR - Labor Negotiations	0	0	0	14,302	0	0	14,302
081	081	081H8	HR - Drug Testing	0	0	0	8,204	0	0	8,204
081	081	081H9	Human Rights Commission	0	0	0	114,879	0	0	114,879
081	081	081MY	Mayor's Office Services	0	0	0	25,792	0	45,000	70,792
081	081	081M2	Mayor's Youth Works	0	0	0	6,400	0	0	6,400
081	081	081PA	PURCH - Central ShADM - Auto	0	0	0	500	5,300	0	5,800
081	081	081PG	PURCH - General Office	0	0	0	56,811	0	0	56,811
081	081	081PH	OCA - MCO Living Health	0	0	0	30,268	0	0	30,268
081	081	081PM	PURCH - Mail	0	0	0	2,741	0	0	2,741
081	081	081PR	PURCH - Reproduction	0	0	3,655	15,532	3,198	0	22,385
081	081	081PS	Police Security	109,500	117,645	0	0	0	0	227,145
081	081	081RE	Real Estate	0	40,000	50,000	0	0	0	90,000
081	081	081RP	Rec & Park - Gardener	0	0	0	0	500	0	500
081	081	081UL	PUC - Light, Heat & Power	0	1,374,000	0	0	0	0	1,374,000
081	081	081UW	PUC - Water	0	0	0	0	2,000	0	2,000
081	081	081SB	Surety Bond	0	0	0	65,000	0	0	65,000
081	081	081PK	Parking & Traffic	0	0	0	0	0	0	0
081	081	081WG	DPW - General Administration	0	0	0	0	15,000	0	15,000
081	081	081HF	DPW - Geogrphic Data Svc	0	0	0	0	0	0	0
081	081	081WA	DPW - Architecture	0	0	0	0	0	0	0
081	081	081WB	DPW - Building Repair	0	0	0	0	0	0	0
081	081	081WE	DPW - Engineering	0	0	0	0	0	0	0
081	081	081WR	DPW - Street Repair	0	0	0	0	162,500	0	162,500
081	081	08199	MISC Department	0	2,000,000	0	0	0	0	2,000,000
			Subtotal	109,500	3,831,645	204,836	3,368,275	2,672,087	2,278,534	12,464,877
086	086	08699	Interdepartmental Recovery	0	0	0	0	(108,800)	0	(108,800)
091	093	0931G	Revenue Transfer Out - DPT	0	319,883	0	0	0	0	319,883
			Total	1,669,860	10,583,461	1,928,990	16,354,264	18,224,051	3,064,939	51,825,565

REVENUE
BY INDUSTRY
FISCAL YEAR 2003/2004

	Actual 2001/02	Budget 2001/02	Budget 2002/03	Budget 2003/04	Increase/(Decrease) Amount	Percent
IARITIME						
Cargo						
Dockage	$130,851	$145,000	$50,000	$87,000	$37,000	74%
Wharfage	(343,161)	115,000	150,000	200,000	50,000	33%
Crane Rental	147,992	430,000	0	0	0	0%
Rent	2,263,902	2,287,000	2,938,000	3,656,000	718,000	24%
Miscellaneous	17,740	0	0	0	0	0%
Subtotal	2,217,325	2,977,000	3,138,000	3,943,000	805,000	26%
Ship Repair						
Dockage	0	0	0	0	0	0%
Rent	1,256,114	1,250,000	1,075,000	700,000	(375,000)	-35%
Subtotal	1,256,114	1,250,000	1,075,000	700,000	(375,000)	-35%
Harbor Services						
Dockage	37,844	45,000	35,000	35,000	0	0%
Non-Cargo Wharfage	0	0	0	0	0	0%
Rent	875,075	870,000	898,000	942,000	44,000	5%
Subtotal	912,919	915,000	933,000	977,000	44,000	5%
Cruise						
Dockage	70,186	43,000	61,000	198,000	137,000	225%
Passenger Wharfage	264,876	501,000	682,000	900,000	218,000	32%
Non-Cargo Wharfage	7,047	15,000	10,000	0	(10,000)	-100%
Rent	47,809	26,000	7,000	75,000	68,000	971%
Subtotal	389,918	585,000	760,000	1,173,000	413,000	54%
Fishing						
Dockage	160,803	199,000	212,000	200,000	(12,000)	-6%
Fish Wharfage	28,690	58,000	45,000	45,000	0	0%
Rent	1,186,899	1,249,000	1,219,000	1,160,000	(59,000)	
Subtotal	1,376,392	1,506,000	1,476,000	1,405,000	(71,000)	-5%
Other Marine						
Dockage	718,418	732,000	597,500	566,000	(31,500)	-5%
Non-Cargo Wharfage	0	0	0	0	0	0%
Rent	494,131	498,000	526,000	515,000	(11,000)	-2%
Landing Fees	107,112	120,000	120,000	105,000	(15,000)	-13%
Subtotal	1,319,660	1,350,000	1,243,500	1,186,000	(57,500)	-5%

REVENUE
BY INDUSTRY
FISCAL YEAR 2003/2004

	Actual 2001/02	Budget 2001/02	Budget 2002/03	Budget 2003/04	Increase/(Decrease) Amount	Percent
Commercial/Industrial						
Rent	21,540,449	19,333,000	19,798,000	21,298,000	1,500,000	8%
Rent from Percentage Leases	10,573,147	11,745,000	11,116,000	10,833,000	(283,000)	-3%
Subtotal	32,113,595	31,078,000	30,914,000	32,131,000	1,217,000	4%
Parking						
Meters	983,106	1,050,000	1,066,000	1,047,000	(19,000)	-2%
Stalls	147,538	160,000	124,000	136,000	12,000	10%
Rent	5,168,975	4,650,000	4,538,000	4,144,000	(394,000)	-9%
Fines	1,200,000	1,200,000	1,200,000	1,200,000	0	0%
Subtotal	7,499,619	7,060,000	6,928,000	6,527,000	(401,000)	-6%
Power	16,143	0	0	0	0	0%
Filming	24,137	100,000	75,000	50,000	(25,000)	-33%
Special Events	79,946	150,000	75,000	75,000	0	0%
Miscellaneous Services	205,168	50,000	50,000	50,000	0	0%
Facility Damage	3,483	6,000	6,000	6,000	0	0%
Tenant Services	7,061	0	0	0	0	0%
Permits	455,593	775,000	175,000	200,000	25,000	14%
Miscellaneous Repairs	8,040	30,000	30,000	30,000	0	0%
Negotiation Fees	227,097	205,000	50,000	50,000	0	0%
Interest on Investments	3,022,881	2,450,000	2,220,000	1,720,000	(500,000)	-23%
Penalties & Svc. Charges	19,506	20,000	15,000	15,000	0	0%
Miscellaneous Receipts	243,921	8,379,687	9,000	409,000	400,000	4444%
From Fund Balance	0	0	1,839,470	1,178,565	(660,905)	-36%
OTAL PORT	$51,398,518	$58,886,687	$51,011,970	$51,825,565	$813,595	2%

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SAN FRANCISCO
PORT COMMISSION

OCTOBER 28, 2003
MINUTES OF THE MEETING

MEMBERS, PORT COMMISSION

HON. MICHAEL HARDEMAN, PRESIDENT
HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. MICHELA ALIOTO-PIER
HON. SUE BIERMAN
HON. WILFRED HSU

DOUGLAS F. WONG, EXECUTIVE DIRECTOR

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE REGULAR MEETING
OCTOBER 28, 2003

1. ROLL CALL

Commission President Michael Hardeman called the meeting to order at 3:10 p.m. The following Commissioners were present: Michael Hardeman, Kimberly Brandon, Michela Alioto-Pier, Sue Bierman and Wilfred Hsu.

2. APPROVAL OF MINUTES - September 23, 2003 Regular Meeting

ACTION: Commissioner Brandon moved approval; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor. The minutes of the September 23, 2003 Commission meeting were adopted.

3. EXECUTIVE

A. Executive Director's Report: Acting Director Joel Robinson reported that the Port has been honored with a number of prestigious awards which recognize the public benefits that have been realized in the Port revitalization projects.

- San Francisco Beautiful Awards
  San Francisco Beautiful, a 55-year old non-profit dedicated to sustaining and enhancing the City's physical well being, awarded the Port of San Francisco in partnership with citizen organizations and Port tenants two awards in the category of: "Civic Engagement: Meeting the Challenge." These awards recognize individuals, organizations, businesses and agencies working to improve the quality of life in San Francisco, with an emphasis on citizens partnering with city departments to improve San Francisco's livability. It is with great pride that the two following awards, which will be received at SF Beautiful's annual dinner this Thursday, recognize the Port's role in these community partnerships, as well as the physical improvements they have brought to the San Francisco waterfront:

  1. Bayview Gateway Beautification Projects.

     This award recognizes three different City and community efforts which together have cleaned up and beautified Third Street at Cargo Way, regarded as the gateway to the Bayview Hunters Point community:

     A. The removal of two billboards at Islais Creek;
     B. The improvements and expansion of the Islais Creek Pump Station by the San Francisco Public Utilities Commission; and
     C. The Bayview Gateway landscaping by Hanson Aggregates and the Port.

Hanson Aggregates imports bulk cargo through the Pier 94 terminal and has been active in sponsoring community efforts to promote safety and improvements in the area. In partnership with the Port and Supervisor Sophie Maxwell's office, Hanson hired a landscape architect and provided funding to plant the trees, grass and flowers at this gateway location. Coupled with the PUC's pump station and community efforts to remove the billboards, the entire area has been revitalized.

2. Robert C. Friese Award for Neighborhood Conservation
Mid-Embarcadero/South Beach Improvements

The Port, the City and County of San Francisco, BCDC and the Redevelopment Agency, in partnership with community groups, Ferry Building Investors, The Gap, ROMA Design all have been recognized for the collective efforts that have revitalized the Embarcadero from Market Street to China Basin: (A) the Ferry Building historic restoration; (B) the Ferry Plaza Farmers Market; (C) Rincon Park and (D) South Beach Children's Play Area. Each of these projects has supplemented the pedestrian and transportation enhancements of the Embarcadero by creating public viewing, recreational and maritime and unique commercial activities for people to enjoy the waterfront.

- National Trust for Historic Preservation Award:
On October 2, 2003, the Port and Ferry Building Investors received another highly prestigious award from the National Trust for Historic Preservation. The National Trust is a private, non-profit organization chartered by Congress in 1949, dedicated to protecting the irreplaceable historic buildings and resources.

  While touring the Ferry Building restoration in progress, Richard Moe, President of the National Trust, was so impressed with the effort that he encouraged the Port and the project team, led by Christopher Meany, to apply for this award.

  The Ferry Building was one of 15 National Preservation Honor Awards to receive such recognition. The award specifically recognizes the work of Ferry Building Investors, Page and Turnbull historic architects, SMWM Architects, BCV Architects, as well as the Port.

  At the organization's October 18, 2003, Board of Trustees Meeting held in the Port Commission Meeting Room, Richard Moe presented the award at a second ceremony and the Trustees were given a personal tour of the Ferry Building by Chris Meany.

- California Heritage Council:
As a counterpart to the national recognition it has received, the Ferry Building historic restoration also received an award from the California Heritage Council this past June. The California Heritage Council is a statewide non-profit educational organization whose purpose is to ensure the saving of places and buildings which have given quality and distinction to the cultural life of California.

Commissioner Hardeman thanked Port staff and the community for their work on these projects.

Commissioner Alioto-Pier asked if a press release was sent out regarding the awards mentioned. Ms. Diane Oshima replied that staff is currently working on the press release.

4. REAL ESTATE

A. Request for adoption of Final Mitigated Negative Declaration, approval of Schematic Drawings and approval of Lease No. L-13550 with Boudin Properties, Inc. for the development of a Full Service Restaurant/Bakery/Market Hall at 160 Jefferson Street (SWL 301). (Resolution No. 03-65)

Nic Dempsey, Asset Manager, pointed out that staff provided the Commission a new version of the schematic drawings. He indicated that Boudin Bakery and the Giraudo family have a long history in the Fisherman's Wharf dating back to 1975. Late last year, the Commission approved the assignment of Port Lease L-7495 from the Alioto Fish Company to Boudin Property Inc., a wholly owned subsidiary of the Andrew-Boudin Bakery. Boudin proposes to demolish the existing one-story building on the property and replace it with a two-story building with expanded bakery, restaurant, retail uses, including a new market hall and an exposition bakery. Overall, the proposed development will result in approximately 15,173 gross square feet of net new space and will cost approximately $15 million excluding Boudin's cost of acquiring the leasehold. Due to this significant investment in the property, Boudin desires a new lease with a longer lease period and new financial terms.

Mr. Lou Giraudo indicated that Mr. Isador Boudin, a 14-year old immigrant from France, founded Boudin Bakery in San Francisco in 1849. In 1935, his father got off a similar boat and landed in New York and came to San Francisco and went to work in Boudin Bakery. In 1946, he became a partner at Boudin Bakery. His family has had an involvement with Boudin Bakery through and including 1993 at which time they sold the bakery along with many other assets. Although it was not their desire to sell Boudin Bakery, it was sold by virtue of their agreements with the rest of the assets. In August 2002, they were able to buy back the leasehold at Fisherman's Wharf from the Alioto family. On October 8, 2002, the Port Commission consented to the assignment of the leasehold. At that time, they informed the Commission about their plans of redesigning the building. They have gone out and sought the support of all their neighbors. They met with and garnered the support of the Fisherman's Wharf Merchants Association, the Fisherman's Wharf Restaurant Association, the Wax Museum and Anton Sabella for this project. They have gone through the WDAC process and received the committee's approval. They are proud of the project and are very excited about the baking portion of the building. It will re-establish the integrity of sourdough baking in San Francisco and re-establish integrity on Fisherman's Wharf. The authenticity, the history and mystery of sourdough is going to be represented as well. There will be a historical aspect to this project. People will be able to view every aspect of the baking process. There will be baking activity 18 hours a day providing constant entertainment. As everything comes out of the ovens, it will go across to the baker's hall and baskets above the bakers and above the walking population into the retail bakery and the market hall. On the second floor of the building will be a series of exhibits demonstrating the history of sourdough, not just the Giraudo family but the Parisian people, Boudin people, the Italian-French people, etc. The artifacts, the exhibits, the histories, the pictures will be presented at the exhibit hall. It will be interactive as well.

Boudin is one of four companies in San Francisco that is still in operation dating back to the days of the 49ers. Their starter, the "mother dough", is still living and breathing and has begot millions and millions of loaves of breads over the years. It will be on exhibit and will be talking to the touring public.

Sharon Duval indicated that the proposed project includes a two-story, 25,5000 s.f. building on the site of the existing Boudin Bakery and café building. The new building will move up to the property line along Jefferson Street to open up the view corridors that have been designated by the Port's master plan.. They have been able to accomplish the same objective at the other end of the building by locating it in such as a way that the view corridor along Mason Street is enhanced. They have done the same thing in the middle of the building. The baker's hall is in the center of the building which will be completely transparent by virtue of an open glass design and with a corridor all the way through the building. The basic floor plan of the building reflects the business purpose to the building. The ground floor would include bakery, deli and retail uses. The second floor would include café, bar and exhibition uses. The anchor point of the bakery is the flour tank. One of the aspects of this commercial enterprise is that there will be a real live, authentic baking process in the premises. They will be delivering a small amount of product from the bakery on bicycles throughout the wharf. It will provide an activity and a level of interest for the visitors that will not contribute to the traffic flow and will not add to the problems that are already exist but rather a sense of authenticity and activity to the wharf. The center of the building is the baker's hall which will be an area that they will encourage people to use as a flow-through area. It will be a primary entrance to the building. It will have a distinct feeling and character from either the east or the west side in order to create a sense of distinct storefront feeling as you walk along Jefferson Street instead of having a monolithic uniform feeling. The inside of the baker's hall will be finished with exterior material to give it a feeling of walking through an alley way that has been covered over with something that bridges the two buildings together.

The west end of the building is the market hall. In the market hall, there will a traditional soup/salad/sandwich food service. There will be an order station and the customers will wait for their order on the other side of the station. A map of the San Francisco waterfront featuring favorite picnic places will be placed on the wall. Dan Hodapp will assist them on this aspect of the project. Since San Francisco has so many beautiful, world-class views along the waterfront, they want to encourage their customers to go out and enjoy them. It will encourage people to walk the waterfront and use the facilities. The retail bakery will also be located in this area. It's the destination point for the bread rail, bread travelling in baskets through the hallway and being lowered through an elaborate elevator down to the counter. They will also have an espresso counter on the west end. During the early morning hours, they will open the bakery hall and the area along the coffee bar will be opened for customers. It will have indoor/sidewalk café feel. It's going to have furniture that will feel a little bit like an outdoor sidewalk with the same exterior material. The baker's hall will also serve as an area to attract and invite the wonderful array of foods that are indigenous to San Francisco. There are so many people in San Francisco and throughout the bay area that are still working with some of the traditional foods and developing new foods. Some are small manufacturers and don't have the facilities. They want to attract those people to the baker's hall where they can set up demonstrations and tastings. They expect to have their bakers demonstrating some of the techniques they use

in baking and perhaps even have a bread class. They expect to have this available as a good resource for their compatriots. In the middle of the baker's hall is a stairway leading up to the second floor. There will be a bar and a lounge area and a full service dining room which will sit approximately 200 people. There will be a balcony which will accommodate about 16 people. They will also feature a traditional pizza oven. A private dining room will feature the view of the waterfront looking back towards Alioto's and across the water. The sourdough bread tour will be an exciting feature on the second floor. They will develop exhibits and demonstrations starting with a little bit of the history of the immigrants in San Francisco during 1849. They will then move into a little bit of history about sourdough bread, the Gold Rush, and the importance of having your own starter as a way of treating yourself during those times when food was scarce. There will be a story about bread and history of bread to this region. By the time the tour has come around, visitors will be looking down into the bakery. They will have the sight, sounds and smell of the actual bakery along with demonstrations and information about bread baking. There will be a bridge that will take you back out of the tour and have an opportunity to taste the products and purchase some.

Mr. Giraudo pointed out that the dough will be mixed in the mezzanine and the dough will be placed down the chute into the dividers where they will be taken out and divided by hand. This will provide another entertainment to the public.

Ms. Duval indicated that they started the process by meeting with Port staff and understanding the long-term objectives of the Port. They were very excited about the opportunity to anchor a major element of development for the west end of the waterfront. They wanted this investment in the west end and wanted to do it in conjunction with the vision that has been so long and hard fought. With that in mind, they started travelling around the City with their architect and found inspiration along the waterfront consistent with the guidelines. This building illustrates the final palette. They have chosen to add texture to the building with a corrugated metal and bring that sense of texture down onto the sides of the building by applying a corrugated concrete finish along the exterior sides. The result is going to be a soft colored building and they are expecting to bring that up to a level of festivity with bright colored banners on the sidewalk. They are working with Dan Hodapp in developing a final signage plan. The idea would be to bring the industrial inspired building up to a level of festivity with bright colors along the Jefferson Street side as well as along the north side facing the Embarcadero. The other key feature is the flour tank. Approaching from Pier 39, the flour tank becomes an icon and with appropriate lighting it will become an attractive feature for the wharf. They exposed the operations of the bakery by bringing the metal pipes out and expressed it in taking some very instructive and productive comments from their first meeting with the WDAC. They incorporated their comments into the final design.

Mr. Dempsey indicated that this project could have been developed under the terms of the existing Lease L-7495; however, because of the significant investment that is going to be made in the property, Boudin desires a new lease with a longer lease period and new financial terms. It is the general policy of the Port Commission to foster and encourage full and equitable opportunities in retail leasing. It is the Commission's policy that businesses along the San Francisco waterfront be developed through a competitive bid process. However, the Port Commission Retail Leasing Policy provides an exception to

this general policy by permitting the Port to directly negotiate with an existing tenant for a new and/or extended lease rather than competitively bid the lease when: (1) the existing tenant is in good standing; (2) the tenant is committed to making a significant capital investment and; (3) the benefits of direct negotiation outweigh the benefits of competitive bidding. Because of the lengthy leasehold, no one else would bid on a project where someone else already controls 31 years of the lease. As a result, Port staff believed that negotiations with Boudin are permitted by the Port Retail Leasing Policy. The proposed lease terms provide for a 41-year lease term and a construction term and a minimum rent during construction period equal to the existing rent of $135,000 per year. In Lease years 1 to 4 the base rent is $270,000 per year; Lease years 5-8, 325,000 per year; Lease years 9-40, $400,000 per year. Commencing with the 13th year of the operational term and every five years thereafter, the minimum rent is adjusted to the greater of 70% of the annual aggregate minimum rent and percentage rent payable for the preceding three lease years or the previous monthly minimum rent as adjusted to a standard CPI formula. The lease provides for percentage rent during the stabilization period and the operational period. During years 1-4 of the stabilization period, the percentage rent will be 2.5% of all sales and of all of bakery sales in excess of $2 million. In years 5-8, it will be 3.5% of those same figures and the balance of the lease term will be 6.5% of all food and beverage sales and 6.5% of bakery sales in excess of $2 million and 8.5% of all other retail sales.

The lease provides for the following permitted uses: restaurants, retail bakeries, cafes, delis, bars and similar facilities generating food and beverage sales and museum and visitor center specifically dedicated to the history of breadmaking and/or the fishing industry of San Francisco; kiosk or store generating retail sales; a bakery and other uses reasonably related or incidental to those uses.

The lease provide for all requisite City requirements including but not limited to:

- Non-discrimination
- Mitigation Measures
- MacBride Principles in Northern Ireland
- Tropical Hardwood and Virgin Redwood Ban
- Tobacco Product Advertising Ban
- Requirement of Health Benefits for Covered Employees
- Employee Signature (card-check) Authorization Ordinance
- Green Building Ordinance
- Notification of Limitation on Contributions

The lease also requires that Boudin develop and implement a program of diversity encouraging participation by minority-owned businesses and locally owned businesses in designing and constructing the improvement and to pay prevailing wages for all construction work.

In addition to the lease, Port staff and Boudin have negotiated revocable licenses permitting Boudin the following:

- Construction Staging
- Access across the Triangle Parking Lot for trash removal
- Sidewalk encroachments for signage and outdoor dining
- Encroachment for the café balcony.

The guaranty from Andre-Boudin Bakeries, Lease No. L-7495 (including all agreements and amendments related thereto), and License 13555 will be terminated. In addition, License 13554 will be amended to provide that tenant may use the license area for construction staging.

In addition to the physical improvements, Boudin's proposal provides a considerable revenue increase to the Port over the term of the lease. Based on Boudin's sales projections, anticipated revenues to the Port during the first lease year would equal $327,926; $530,710 in lease year 5 and in year lease 9 $1,091,078. If Boudin only achieves fifty percent of its sales projections, the Port's anticipated revenues would far exceed those generated by the existing facility and would approach the top five restaurant operations at the Port. Mr. Dempsey requested the Commission's approval of Boudin's Lease L-13550, the mitigated negative declaration and the schematic drawings.

Mr. Dempsey thanked the following individuals for their efforts in completing this very significant transaction: Sharon Duval and Lou Giraudo of GESD Capital Partners. Mr. Giraudo and Ms. Duval could not have been more dedicated to the dream they have laid out to the Commission, nor could they have been more gracious in their dealings with the Port. Mr. Mark Briggs, the lead negotiator for GESD Capital Partners and Boudin Properties, Inc. Mr. Briggs' many hours of analysis and lease negotiations have resulted in a truly remarkable agreement. He has proven to be a worthy and cordial adversary at the negotiating table and has championed Boudin's cause well. Mr. Timothy O'Shea of Andre Boudin Bakeries. Mr. O'Shea was ever responsive to the questions of the Port and his hands-on management of this project has played no small part in its formation. Ms. Pam Duffy, Mr. Joshua Steinhauer, and Ms. Dana Kozerski of Coblentz, Patch, Duffy and Bass. Ms. Duffy, Mr. Steinhauer and Ms. Kozerski worked well with the Port and City Attorney staff and represented the best interests of their client. Ms. Bijal Patel of the Port's City Attorney's Office. Ms. Patel spent endless hours refining the lease agreement.

Finally, Mr. Dempsey pointed out that the Port Commission's agreement to enter into this lease will establish an undeniable precedent for the possible future extensions and modifications of the Port's Fisherman's Wharf restaurant and retail leases. The Commissions' decision to approve the lease will affirm the Port's commitment to participate with its tenants in the revitalization of Fisherman's Wharf. It will also signal to the Port's Fisherman's Wharf tenants that the Port is prepared to accept lease provisions similar to those contained in the proposed Boudin lease only in consideration of the tenant's commitment to make capital investments in their leaseholds on a realistic scale and of a magnitude similar to those proposed by Boudin and only subject to an increase in guaranteed minimum rent accompanied by a reasonable expectation of increased future participation rent. The Boudin's lease should stand not only on its own merits, but as a minimum standard to be met by others seeking Commission's approval of new leases. This lease provides for an immediate doubling of the minimum rent and periodic significant minimum rent increases based on negotiated firm numbers, CPI increases and increases directly related to percentage of total revenues generated on the facility. Time and circumstance will require that each Fisherman's Wharf lease will be subject to renewal, some far earlier than anticipated. This lease will be the Port's signature lease, the exemplar, the standard by which those future renewals may well be judged. The bar has been raised to a lofty yet achievable level. It is not too high so as to preclude future leases and future property redevelopment, nor is it so low as to be without significance.

Mr. Dempsey thanked the Commission for giving him the opportunity to participate in this project.

Mike Casey, President of Local 2, wholeheartedly endorsed and supported the project. Like so many operations that Lou Giraudo and Sharon Duval have been involved over the years, this project will be a union operation. It's guaranteed under the card check ordinance. It's his belief that it would not have been due to this requirement that they would have a card check agreement. He believes that Lou's record speaks for itself. He's an honorable guy and they have confidence that they will be able to work out an agreement and be able to assure that wages and benefits are the living standard for the workers who are employed at Boudin's. He thanked the Commission for the opportunity and encouraged the Commission to vote affirmatively.

Mary Chambers, President of UFCW Local 648, indicated that the project speaks for itself. She finds it innovating and exciting. UFCW is in full support of the project and knows that it will be an enormous enhancement to the wharf. Obviously, it represents jobs and retail but it also represents fun. They see this as a major tourist attraction. She asked the Commission to vote on the affirmative.

Al Baccari, Fisherman's Wharf Association, indicated that the Fisherman's Wharf Association strongly endorses the project. They have taken many things into consideration; first, with the study of the open space for the Fisherman's Wharf area. They feel this creates a very aesthetically anchor to preserve the economic, social and cultural vitality of the area. They are fully aware that nearly 28% of the Port's revenue comes from Fisherman's Wharf. They are fully aware of 144 restaurants in the area; 3500 hotel rooms but they are more aware of the Port's commitment to preserve the fishing industry. As they develop this area aesthetically making the Port enhance the rest of the part of the City as it crosses Jefferson Street, this particular project at the heart of the wharf, becomes vitally important. It will not only bring imagination and a vision but linking qualities. He hoped that the Commission understood clearly when they said, setting back from the corner of Jefferson and Taylor to permit that opening vista. It's the association's dream to have this triangle serve with an aesthetically value as time goes on. They are planning to put the statue of Pisa Bufano at the corner of Jefferson and Powell. They hope to have the statue moved at that location before the current Mayor leaves office. He emphasized that the developers never moved without communicating with everybody in the community. They went before the Waterfront Advisory Committee, their board of directors, their membership and constantly asked for input. While there were sensitive positions, they knew the word compromise. They are delighted to have them at the wharf. They are not new to the wharf but they are bringing a new concept and it will integrate beautifully with the vision of preserving the fish at Fisherman's Wharf. He not only encouraged the Commission to approve the project but thinks strongly in rendering the lease extension that will permit them economically to make this project become a reality.

Commissioner Bierman commented that the project is beautiful. The Boudin Bakery has been at the wharf for a long time and is well known locally for baking wonderful bread. She believes that this project will bring a lift to the Port.

Commissioner Brandon commented that this may be the first time in her history at the Port

that she totally agrees with Nic Dempsey's comments. She thinks that this project represents a great example of raising the bar and it would make it easier for the Port to renegotiate upcoming long-term leases. It is a great project and look forwards to the final outcome of the project.

Commissioner Alioto-Pier commented that this will be an exciting project.

Commissioner Hardeman noted that his paternal grandmother who lived at 15th and Anza always had a loaf of Boudin bread in her house.

Commissioner Hsu thanked Mr. Giraudo and his team for having the vision and the commitment for such a wonderful project. This is a prime example of a win-win proposition both for the Port and for their organization. This is exactly the kind of things that makes up the fabric of this wonderful city and the franchises from different cities of the world. This will add a wonderful attraction to the Port, to the wharf and the synergism it will create will truly benefit everybody outside of the bakery and spread around the Port.

Commissioner Hardeman remarked that he has heard nothing but encouragement from members of the public. It's nice to see labor on board. They have done an outstanding job. Mr. Giraudo is noted for his philanthropy throughout the community. He has the same attitude and it shows in his business dealings.

Lou Giraudo thanked Port staff. While these were hard fought negotiations, the professionalism of Port staff was outstanding. He thanked Nic Dempsey, Carol Anderson and Ken Winters for all their hard work, understanding and professionalism. They understand real estate and they understand private sector and public partnership and they proved it today.

ACTION: Commissioner Brandon moved approval; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor. Resolution No. 03-65 was adopted.

5. PLANNING AND DEVELOPMENT

A. Request for approval of a Brannan Street Wharf Agreement between the Port and the Bay Conservation and Development Commission regarding the Port's obligations for the funding, design and construction of the Brannan Street Wharf. (Resolution No. 03-66)

Kirk Bennett, Manager Waterfront Development Projects , indicated that this should be the last in a long series of actions by Port Commission to enable development of the Bryant Street Pier project.. The project includes three basic components:

1. Residential condominiums on portion of SWL 330
2. Brannan Street Wharf public plaza
3. James R. Herman Cruise Terminal and mixed-use development project on Piers 30-32.

One of the conditions for sale of the condominium site was transferring the Public Trust off of the condominium site to a portion of the Western Pacific site in the Southern

Waterfront, which the Commission approved on June 24, 2003. The exchange also required approval by the Board of Supervisors and by the State Lands Commission. The Board of Supervisors approved this exchange on October 17th, and the State Lands Commission approved this exchange on October 20th. Although approval of this exchange will enable the Port to sell the condominium site, it has been the Port's position that it would not sell the condominium site unless it was comfortable that this sale would lead to the development of Brannan Street Wharf and the cruise terminal. Therefore, among the other entitlement conditions for close of escrow of the condominium site are as follows:

- Port Commission approval of the final concept design of the Brannan Street Wharf after review by BCDC. This occurred on August 12, 2003.
- Another significant condition for close of escrow (COE) of condominium site is that: either BCDC has issued a permit required for the development of the Piers 30-32 Project, or the Port has received assurances from BCDC that it is prepared to issue the required permit, subject only to compliance with the State Legislation concerning the project. This BCDC permit represents an extremely critical entitlement for the development of the Piers 30-32 Project. The Port did not want to learn – after selling the condominium site – that a BCDC permit could not be obtained for the Piers 30-32 project or that the permit included material changes or conditions making the project infeasible.

The State Legislation obtained in 2001 which established that the use program proposed for Piers 30-32 is consistent with the Public Trust Doctrine also accelerated the timing for the completion of the Brannan Street Wharf plaza, linking it to the construction of the Piers 30-32 development. To ensure that funding was in place for the Brannan Street Wharf before construction began on the Piers 30-32 project, the legislation included the requirement that: The Port must demonstrate to BCDC and the Attorney General's Office that it has "irrevocably encumbered all of the funds necessary for the completion of the Brannan Street Wharf and has placed the funds in a segregated account guaranteed to be available to be drawn upon for the construction of the Brannan Street Wharf, and that the Port and BCDC enter into an enforceable agreement that provides for the Port to fund, directly or through grant funding, or both, the design and construction of the Brannan Street Wharf." This created a conundrum:

- Port does not want to close escrow on the condominium site until it was assured that a satisfactory BCDC permit will be issued for the Piers 30-32 Project. However:
- Per the legislation, BCDC cannot issue a permit for the Piers 30-32 Project until all the necessary funds for the Brannan Street Wharf are encumbered, placed in a segregated account, and an enforceable agreement between the Port and BCDC for funding the Brannan Street Wharf; and importantly
- The sale of the Condominium Site constitutes the primary source of these funds to be placed in the segregated account - $9.3 Million out of $15 Million cost.

The Brannan Street Wharf Agreement solves this dilemma. It was crafted through a creative, cooperative negotiation between the Port, BCDC, the Attorney General's Office, and the developer, Lend Lease. Pursuant to this Agreement, BCDC would approve the permit, but would not issue the permit until two fundamental conditions are met:

1. The Port has irrevocably encumbered all of the funds necessary for completion of the Brannan Street Wharf in a segregated account guaranteed to be available for the construction of the Brannan Street Wharf; and
2. The Port and BCDC have entered into this Agreement.

When these conditions are satisfied, BCDC is required to issue the permit within 15 days. The specific terms of this agreement are as follows:

1. Delivery of Agreement: BCDC shall not issue the Permit for Piers 30-32 until the Port has delivered to BCDC the executed Agreement. The resolution authorizes and directs the Port's Executive Director to promptly execute and deliver the Agreement to BCDC upon approval of the Agreement by the Port Commission and BCDC and approval by the City Attorney on the final form of Agreement.

2. Schedule for Construction of Brannan Street Wharf.

   A. Agreement includes a Required and an Anticipated Schedule for Completion of the Brannan Street Wharf.

   B. Required Schedule.

      (1) Consistent with the schedule established in the State Legislation, the Agreement requires the Port, prior to delivery of the Piers 30-32 Lease to the developer, to (a) complete and submit to BCDC Preliminary Engineering Drawings for Brannan Street Wharf (which are to be prepared by the developer); (b) submit to BCDC a final budget for the Brannan Street Wharf; and (c) submit to BCDC a financing plan indicating amounts and sources of funds to complete construction of the Brannan Street Wharf.

      (2) Consistent with the schedule set forth in the legislation, the Agreement requires the Port to complete Phase 1 of the Brannan Street Wharf, consisting of the northern portion of the Brannan Street Wharf (in the area of the recently removed Pier 34), concurrently with the construction of the development on Piers 30-32.

      (3) Consistent with the schedule set forth in the State Legislation, the Agreement requires the Port to remove Pier 36 and complete the Brannan Street Wharf no later than five years after commencement of the construction of the development on Piers 30-32.

   C. Anticipated Schedule for Completion of the Brannan Street Wharf. Although the Agreement sets up a required schedule of performance consistent with the State Legislation, the Agreement also recognizes the Port Commission's policy, which it adopted concurrent with its approval of the project transaction documents, to commence construction of the Brannan Street Wharf as soon as practicable after (1) the Port has obtained all necessary entitlements; and (2) the Port has obtained sufficient funds to allow for its construction. Based on the projected $15 million cost for the Brannan Street Wharf and the anticipated Special Area Plan funding

schedule, satisfaction of these conditions is anticipated to occur during the latter half of 2005.

3. Port's Use of Funds. The State Legislation and the Transaction Documents require the Port to irrevocably encumber all funds deemed necessary for the completion of the Brannan Street Wharf and to place those funds in a segregated account guaranteed to be available to be drawn upon for the construction of the Brannan Street Wharf. In recognition of these requirements, the Agreement provides that the Port cannot take any action authorizing the use of the Brannan Street Wharf funds for any purpose other than the construction costs for the Brannan Street Wharf. Prior to issuance of the BCDC Permit for the Pier 30-32 project, the Port must provide BCDC with project account statements certified by Port's fiscal officer or City Controller showing that the Port holds funds in a segregated account for the benefit of the Brannan Street Wharf in amount no less than the final Brannan Street Wharf budget (anticipated to be $15 Million).

   Enforceability of Agreement. Consistent with the requirements of the State Legislation, the Agreement will be a legally binding enforceable agreement. If the Port acts to authorize the expenditure of funds deposited in the segregated Brannan Street Wharf account in a manner inconsistent with the Agreement, or otherwise defaults in any of its obligations described above, BCDC may institute a legal action for specific performance, to enforce any remedies provided in its enabling legislation except revocation of the Piers 30-32 BCDC Permit, and to seek any other remedies permitted by law or at equity, including injunctive relief.

   BCDC held a hearing regarding this Permit at its October 2nd meeting, and action by BCDC on approving the Major Permit the Piers 30-32 Project is scheduled for BCDC's meeting on November 6. With the Commission's approval of the Brannan Street Wharf Agreement, BCDC can approve this Major Permit without being in violation of the State Legislation.

Commissioner Brandon remarked that this has been a long process and we're finally getting close to the development aspect of the project.

ACTION: Commissioner Brandon moved approval; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor. Resolution No. 03-66 was adopted.

B. Request for approval and ratification of applications for grant funds totaling $600,000 from the State Department of Parks and Recreation from the Recreational Trails Program (Resolution No. 03-67) and the Murray-Hayden Program (Resolution No. 03-68) for the Pier 14 Public Pier Project, and authorization to accept and expend those grant funds.

Dan Hodapp, Planning & Development, presented the item and requested Commission's approval. Mr. Hodapp indicated that the Pier 14 Public Pier is a new 600 foot public access and recreation pier extending out the bay and the Ferry Building area along the southside of the agricultural building. The underlying structure for Pier 14 public pier is a free-standing breakwater recently completed for the downtown ferry terminal to protect ferries from winter storms. The public pier project connects the breakwater to the Embarcadero Promenade and finishes the top of the breakwater with pedestrian

improvements creating a dramatic 600 foot walkway out over the bay. The breakwater was designed and built to support public access, construction of Pier 14 is divided into two phases to reflect the different construction types of pier construction and finish pedestrian improvements. The separation of the two phases also met earlier funder's requirements of expending funds within certain grant agreement deadlines before the Port was able to obtain complete project funding.

The total cost constructing the public access improvements on the top of the breakwater is about $2.25 million. Of that, the Port is about $600,000 short of total project funding needed to construct the second and final phase of the project. The Port has the opportunity to apply for funds from two separate grants offered by the State Department of Parks and Recreation. On October 1st, staff submitted an application for $200,000 from the recreational trails program and on December 15th, with the Commission's authorization, staff will submit an application for $400,000 from the Murray-Hayden Program. He asked for the Commission's approval of the two resolutions; one for each grant application.

ACTION: Commissioner Brandon moved approval; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor. Resolution Nos. 03-67 and 03-68 were adopted.

6. ADMINISTRATIVE SERVICES

A. Request for approval of the Revisions to the Fiscal Year 2003/2004 Operating Budget. (Resolution No. 03-64)

Chudi Chuba, Finance Manager, indicated that the Port Commission approved the FY 2003/04 Operating Budget at its January 28, 2003 meeting. The proposed budget was submitted to the Mayor and the Board of Supervisors for review and approval. During this process, substantial changes were made to the budget. The budget that was approved in January had a projected revenue of $ 51.3 million and expenditures of $51.4 million. The revised budget has a total expenditure of $51.8 million. The changes to the previously approved budget are summarized in the staff report. The most significant increases to the budget are the proposed $2 million to cover the projected eligible reimbursement service costs that the City provide to the Port and its tenants, the additional $400,000 for facilities maintenance and the $300,000 to fund the management audit. The most significant decreases are the $1,735,812 decrease for salary and fringe benefits. This is as a result of defunding of 8 unfilled positions and the 7.5% pension give back agreed by the union. There is also a decrease of $305,085 for indirect cost reimbursement. Last year, the Port had paid more than its share of the overhead cost for the City. With these changes, the total budget is $51.8 million which is approximately $458,355 over the budget approved by the Commission on January 28, 2003. This budget is approximately $1.1 million more than FY 02/03 budget. He pointed out that in order to resolve and pay for the additional cost of services provided by the City, an approved outside consultant is now conducting the study of reimbursable cost. Port staff and representatives from the Mayor's office, the Controller's office and the City Attorney are jointly overseeing the study. Should the study conclude that the Port has not properly reimbursed the City for all the legal costs, the Port will reimburse the City from the $2 million set aside in this revised budget. However, staff will request Commission's approval of any expenditure from the $2

million if the study shows otherwise. He also pointed out that the study is a prerequisite to the proposed transfer from the Port to the City to cover the projected eligible cost of services for FY 2002/03.

Commissioner Alioto-Pier proposed a motion to amend the resolution to require the Commission's authorization prior to expenditure of the $300,000 included in the budget for the Port Management Audit. She does not believe that it's the Port's policy to just give out a check. A responsible auditor looking at our books would want to know what the money is being spent for.

Commissioner Brandon asked if Commissioner Alioto-Pier's motion is to amend the $300,000 that is supposed to be paid to the auditors until the Port receives a work plan. Commissioner Alioto-Pier clarified that the Commission would authorize the expenditure before any payment is made to the auditors.

Commissioner Hardeman asked if staff will be making any payments to the auditor prior to Commission's approval.

Mr. Robinson replied that staff will present the work plan and provide the Commission a documented cost from the auditors and seek Commission's approval prior to making any payments.

Commissioner Brandon indicated that the auditor should provide the Port a work plan and its cost prior to commencement of work.

Mr. Robinson replied that the auditors started the audit work without providing any work plan or cost to the Port. Commissioner Alioto-Pier's amendment will require Commission's approval of any expenditure before a payment is made.

Commissioner Alioto-Pier made a motion that the Port Commission hereby approves the revised FY 2003/04 operating budget as approved by the Board of Supervisors provided, however, that any expenditure from the $2 million set aside or from the $300,000 budgeted for the Port Management Audit shall not be expended until specifically approved by the Port Commission; and, be it further resolved that the Port Commission directs the Executive director to seek Commission's authorization for any expenditure from the $2 million amount set aside to reimburse the City for eligible cost identified in the study of reimbursed costs or any expenditure of the $300,000 budgeted for the Port Management Audit.

Commissioner Bierman asked if this is acceptable to Port staff. Mr. Robinson replied that it is acceptable to staff.

ACTION: Commissioner Alioto-Pier moved approval of the resolution as amended; Commissioner Brandon seconded the motion. All of the Commissioners were in favor. Resolution No. 03-64 was adopted.

7. NEW BUSINESS/PUBLIC COMMENT

Commissioner Hardeman noted that many of the Commissioners attended the Mayor's State of the City Address. He mentioned that the Mayor expressed a lot of accolades to the Port, the Commission, its staff, community groups and others. The Mayor had great words to describe how proud he is of his eight years in office to have all the good things that have happened on the waterfront from Embarcadero to the Ferry Building to Pacific Bell Park. This department should be proud of its accomplishments as noted by the Mayor. The Mayor was very complimentary of the Port Commission and its staff. Commissioner Hardeman congratulated Port staff for a job well done.

Commissioner Hardeman indicated that Commissioner Alioto-Pier's grandfather, Mike Driscoll, one of the real stalwarts of the community and a spectacular person, passed away. He did so much for this community and his accomplishments were unbelievable.

Commissioner Alioto-Pier remarked that her grandfather sat on the first Port Commission and he was very proud of her appointment to the Commission. She hopes that she will do his legacy justice.

Commissioner Hardeman closed the meeting in a moment of silence in memory of Mike Driscoll.

Chris Yelton, President of the International Museum of Women, thanked the Commission for the opportunity to bring the Port up to speed on their progress to date at Pier 26. She informed the Commission that they are moving forward on schedule. She apprised the Commission about their decision in selecting their architects for the project, LMS Architects and AI Architects. Their selected architects have the technical and design expertise as well as demonstrated tremendous collaborative capacity and their commitment to putting into form the museum's mission on Pier 26. She also informed the Commission that they hired local contractors for the project: Ferrell Elsessor, structural engineer and ARUP mechanical & electrical contractor. They have selected Treadwell and Rollo as their geotechnical contractor and Moffat & Nichol as their marine engineering contractor. She thanked the Commission and its staff for being such fine collaborative partners in this process. They appreciated the support they received and look forward to presenting to the Commission within a couple of months their next piece of work.

Commissioner Hardeman appointed Commissioner Alioto-Pier to replace Commissioner Denise McCarthy on the Port Commission/Bay Conservation Development Commission Special Area Committee.

8. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Brandon moved approval; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor.

At 4:35 p.m., the Commission withdrew to executive session to discuss the following:

B. CLOSED SESSION

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER (Discussion Item)

a. Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (1 case) (As Plaintiff)

(2) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative. *

a. Property: Foreign Trade Zone Piers 19/23
Person Negotiating: Port: Douglas Wong, Executive Director
*Big C Traders: Raymond Lynch

b. Property: Pier 9
Person Negotiating: Port: Ken Winters, Director of Real Estate
*Pacific Marine Yacht Charters, LLC (Signature Yachts): Garrett O'Doherty

c. Property: Pier 43-½, Franciscan Restaurant
Person Negotiating: Port: Ken Winters, Director of Real Estate
*Franciscan Restaurant: Kevin Westlye
THIS ITEM WAS TAKEN OFF THE CALENDAR

d. Property: Seawall Lot 322-I
Person Negotiating: Port: Ken Winters, Director of Real Estate
*San Francisco Parking: Timothy Leonoudakis

At 5:40 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Brandon moved approval to adjourn executive session and reconvene in open session; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval to not disclose any information discussed in executive session; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval to adjourn the meeting; Commissioner Hsu seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 5:42 p.m.

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SAN FRANCISCO
PORT COMMISSION

SPECIAL MEETING
3:00 P.M., TUESDAY, NOVEMBER 18, 2003
PORT COMMISSION HEARING ROOM, 2ND FLOOR
FERRY BUILDING, SAN FRANCISCO, CA 94111

The Port Commission Agenda as well as Staff Reports/Explanatory Documents available to the public and provided to the Commission are posted on the Port's Website at www.sfport.com.

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AGENDA

1. **ROLL CALL**

2. **NEW BUSINESS/PUBLIC COMMENT**

   Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

3. **EXECUTIVE SESSION**

   A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

   B. CLOSED SESSION

      (1) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER (Discussion Item)

         a. Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (1 case) (As Defendant)

4. **RECONVENE IN OPEN SESSION**

   A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

5. APPROVAL OF MINUTES - October 28, 2003 Regular Meeting

6. EXECUTIVE

A. Executive Director's Report
- Acknowledgement for Nita Mizushima
- Ceremony for Piers 1-½, 3 and 5 Rehabilitation Project

7. ADMINISTRATIVE SERVICES

A. Request for authorization to expend $2 million in Port funds appropriated in Fiscal Year 2002/2003 to reimburse the General Fund for City Services received in Fiscal Years 2000/2001, 2001/2002 and 2002/2003, based on preliminary findings of the Nexus Study. (Resolution No. 03-69)

8. ENGINEERING & MAINTENACE

A. Request for authorization to award Contract No. 2680 for Design-Build Services for the Illinois Street Intermodal Bridge to Shimmick Construction Company, Inc. (Resolution No. 03-70)

9. NEW BUSINESS/PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item and during the new business/public comment period. It is strongly recommended that public comments be submitted in writing so they can be distributed to the Commissioners for their review. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

10. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) Pursuant to Government Code Section 54957, Public Employee Performance Evaluation, Executive Director, Douglas Wong.

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTERS (Discussion Items)

a. Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (3 cases) (2 cases as Defendant) (1 case as Plaintiff)

(3) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative. *

a. Property: 10 Lombard Street (Roundhouse)
Person Negotiating: Port: Ken Winters, Director of Real Estate
*Prospective Bidders

Under Negotiation: ____Price _____Terms of Payment ___X___ Both
An executive session has been calendared to give direction to staff regarding Request for Proposals for Port property located at 10 Lombard Street.

b. Property: Foreign Trade Zone Piers 19/23
Person Negotiating: Port: Peter Dailey, Maritime Director
*Big C Traders: Raymond Lynch

Under Negotiation: _____Price _____Terms of Payment ___X___ Both
An executive session has been calendared to give direction to staff regarding real estate negotiations for Port property located at Pier 19/23.

11. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code Section 54957.1 and San Francisco Administrative Code Section 67.12.

12. ADJOURNMENT

NOVEMBER/DECEMBER 2003
CALENDAR OF UPCOMING PORT MEETINGS - OPEN TO THE PUBLIC

Date	Time	Group	Location
November 18	**3:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**
December 9	**3:00 p.m.**	**Port Commission**	**Port Commission Room @ Ferry Building**

NOTES:

The San Francisco Port Commission meets regularly on the 2nd and 4th Tuesday of the month at 3:00 p.m., unless otherwise noticed. ***The Commission Agenda and staff reports are posted on the Port's Website @ www.sfport.com.*** Contact Amy Quesada at 274-0406.

The Brannan Street Wharf Citizens Advisory Committee meets on an as-needed basis to develop a concept plan for this planned open space in the South Beach area. Meetings are held in the Bayside Conference Room at Pier 1. Contact Dan Hodapp @ 274-0625 or dan_hodapp@sfport.com

The Cruise Terminal Environmental Advisory Committee will meet the week of January 19th; date and time to be determined. (Regular schedule to be determined). Contact Michael Nerney at 274-0416.

The Environmental Quality Advisory Committee (EQAC) meets regularly on the fourth Thursday of the month at 9:00 a.m. at Scoma's Restaurant, Pier 47 @ Fisherman's Wharf. Contact Jay Ach @ 274-0562.

The Fisherman's Wharf Waterfront Advisory Group meets regularly on the 3rd Tuesday of the month. The regular meeting time and place is 9:00 a.m. at Scoma's Restaurant, Pier 47 at Fisherman's Wharf. Contact Kirk Bennett @ 274-0545.

The Maritime Commerce Advisory Committee (MCAC) meets on a bi-monthly basis, on the third Thursday of the month, from 11:30 a.m. to 1:30 p.m. @ Pier 1. Contact Jill Rodby @ 274-0519.

The Mission Bay CAC meets regularly on the 2nd Thursday of the month, from 5:30 to 7:30 p.m. at the Mission Bay Visitor Center (255 Channel Street). Contact Tiffany Bohee at 749-2481 for more information.

The Northeast Waterfront Advisory Group meets regularly on the 1st Wednesday of the month at 4:00 p.m. in the Bayside Conference Room @ Pier 1. Contact Kirk Bennett @ 274-0545.

The Pier 70 Advisory Group meets monthly on an as-needed basis generally on the 2nd Wednesday of the month from 4 to 6 p.m. at the Potrero Campus of the California College of Arts and Crafts, Board Room, 1111 – 8th Street between Irvin and Hooper. Contact Mark Paez @ 705-8674.

The Rincon Point-South Beach CAC meets regularly on the 3rd Monday of the month, from 5:00-7:00 p.m. at the South Beach Yacht Club (Pier 40 on The Embarcadero). Contact Tiffany Bohee at 749-2481 or 749-2400 for more information.

The Southern Waterfront Advisory Committee (SWAC) meets every 1st Wednesday of the month from 6:15 to 8:15 p.m. Location to be determined. Contact David Beaupre @ 274-0539 or david_beaupre@sfport.com.

The Waterfront Design Advisory Committee meets the 3rd Tuesday of the month from 11 a.m. to 1 p.m. in the Bayside Conference Room @ Pier 1. Contact Dan Hodapp @ 274-0625.

Port Website: Check out the Port's Website at **www.sfport.com.**

ACCESSIBLE MEETING INFORMATION

Ferry Building: The Port Commission Hearing Room is located on the second floor of the Ferry Building. The main public entrance is from the west (Embarcadero) side and is served by a bank of elevators adjacent to the historic staircase. Accessible public restrooms are on the first floor at the northeast end of the building as well as on the second floor across the lobby from the Port Commission Hearing Room. The main path of travel to the Port Commission Hearing Room is equipped with remote infrared signage (Talking Signs). The Port Commission Hearing Room is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) is available. The closest accessible BART and MUNI Metro station is Embarcadero located at Market & Spear Streets. Accessible MUNI lines serving the Ferry Building area are the F-Line, 9, 31, 32 and 71. For more information about MUNI accessible services, call (415) 923-6142.

The nearest accessible parking is provided in the following off-street pay lots:

A) 3 spaces in the surface lot on the west side of the Embarcadero at Washington St.
B) 3 spaces in the Pier 1/2 lot, located on the east side of the Embarcadero between the Ferry Building and Pier 1. During business hours this lot is operated by valets
C) Hourly and valet parking in the Pier 3 lot. This lot is accessed through the Pier 3 bulkhead building entrance on the east side of the Embarcadero. This lot is located on the pier deck; adjacent to the ferry boat Santa Rosa.

Additional covered accessible off-street pay parking is available in the Golden Gateway Garage, which is bounded by Washington, Clay, Drumm and Battery Streets. Entrance is on Clay St. between Battery and Front Streets. There is no high-top van parking. Metered street parking is available on the Embarcadero, Washington St., Folsom St. and Drumm St.

Pier 1:
The Port's fully accessible offices are in the west end of Pier 1. There are two public entrances; the main entrance on the west (Embarcadero), and the Port History walk entrance on the south apron. Each of these entrances is provided with an automatically operated door. Both entrances lead to the Bayside conference rooms. Accessible public restrooms, drinking fountains, payphone and TTY are on the first floor near the main entrance. The public spaces of the Port's offices are equipped with remote infrared signage (Talking Signs) identifying all primary entrances, paths of travel, meeting rooms and amenities. Accessible seating areas and assistive listening devices will be available in the Bayside Conference rooms.

Accessible meeting information policy:
In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals. A sign language interpreter and alternative format copies of meeting agendas and other materials can be provided upon request made at least 72 hours in advance of any scheduled meeting. Contact John Scott, Port's ADA Coordinator, at 274-0571. The Port's TTY number is (415) 274-0587.

Know Your Rights Under the Sunshine Ordinance. Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact Donna Hall by mail: Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett Place, Room 244, San Francisco CA 94102, by phone at (415) 554-7724, by fax at (415) 554-7854 or by email at Donna.Hall@sfgov.org. Citizens may obtain a free copy of the Sunshine Ordinance by contacting Ms. Hall or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, at http://www.sfgov.org/sunshine.htm

Lobbyist Registration and Reporting Requirements. Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Government Conduct Code §2.100) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 30 Van Ness, Suite 3900, San Francisco, CA 94102, phone (415) 581-2300 or fax (415) 581-2317; web site: www.sfgov.org/ethics.

PORT OF SAN FRANCISCO

MEMORANDUM

November 12, 2003

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Michela Alioto-Pier
Hon. Sue Bierman
Hon. Wilfred Hsu

FROM: Douglas F. Wong
Executive Director

SUBJECT Authorization to expend $2 million in Port funds appropriated in Fiscal Year 02/03 to reimburse the General Fund for City Services received in Fiscal Years 00/01, 01/02 and 02/03

DIRECTOR'S RECOMMENDATION: APPROVE THE EXPENDITURE OF $2 MILLION IN PORT FUNDS TO REIMBURSE THE GENERAL FUND FOR CITY SERVICES RECEIVED IN FISCAL YEARS 00/01, 01/02 AND 02/03 BASED ON PRELIMINARY FINDINGS OF THE NEXUS STUDY.

Background
In September of 2002 the Port Commission approved the FY 02/03 Operating Budget. This budget included $2.0 million as a proposed estimate to reimburse the General Fund for services provided to the Port that are not currently collected through either workorders and the annual COWCAP payment. With the passage of the Operating Budget, the Commission directed the Executive Director to seek Commission authorization prior to any expenditure from the $2 million amount budgeted for that purpose.

The Port Commission authorized Port staff to issue a Request for Proposal (RFP) for the preparation of a Nexus Study. The Nexus Study would, consistent with financial audit standards of practice, allow the Port and City to document:

1 The total cost of services received by the Port from other City departments, taking into account existing Memorandums of Understanding (MOUs) and agreements between the Port and the City departments;
2 The basis for determining the proper allocation of the cost of services to Port uses and activities (the "Nexus");

This Print Covers Calendar Item No. 7A

3 The total amount of payments from the Harbor Fund to the City's general and special funds, including, tax payments derived from Port uses and activities, fees, and the value of in-kind contributions by the Port to City departments; and
4 The balance of payments and service costs between the Port and the City's general fund departments.

The Port staff formed an interdepartmental working group made up of representatives from Port staff, the City Attorney's Office, Controller's Office and the Mayor's Office to develop and issue the RFP. Members of this team served as members of the selection panel that reviewed and evaluated all proposals received in response to the RFP.

On February 10, 2003, the Port issued the RFP for the preparation of a Nexus Study. On March 10, 2003, the Port received four proposals. One of the proposals was determined to be non-responsive and dropped from further consideration. The remaining three proposals were submitted to the selection committee. On April 10, 2003, the selection panel interviewed and evaluated three teams. After a careful evaluation and interview process, the selection committee ranked Bay Area Economics (BAE) as the most qualified respondent.

2/10/03	Port issued RFP
2/24/03	Pre-proposal conference held
3/10/03	Proposal response deadline (4 proposal received)
4/10/03	The selection panel interviewed the 3 candidates and scored their proposals. BAE proposal received the highest score.
5/13/03	Port Commission authorized the award of a Professional Service Contract to BAE.
11/03	BAE issues interim balance of payment memo
12/03	Projected issuance of final Nexus Study Report.

REASON FOR ACTION
The City has requested that the Port Commission take action on this item now in order to close the accounting for this past fiscal year.

At the request of the Mayor's Office, BAE has prepared a memorandum presenting the preliminary estimated balance of payments for FY 01/02 and FY 02/03. While the Nexus Study is not final, this memorandum represents a good faith estimate of costs of services provided to the Port for which the City is eligible to be reimbursed.

CALCULATION OF THE PROPOSED PAYMENT
Port Staff, in conjunction with representatives of the Mayor's Office and the City Attorney have reviewed the findings contained in the interim memorandum and have calculated the balance of payments for FY 00/01, FY 01/02 and FY 02/03. The variables used in the determining the balance of payments for the past three fiscal years are listed in the table below. Further information on each variable is presented later in this report.

	Allocation Method	FY 00/01	FY 01/02	FY 02/03	Estimated Balance of Payments
Routine Services					
DPT	To Be Negotiated	-	-	-	
SFFD	Svc Based Method 1	(8,000)	(10,000)	(70,000)	
SFPD	Svc Based Method 1	508,000	635,000	755,000	
Special Events					
Fleet Week	100% Sponsorship	115,000	-	144,000	
4th of July	No Port Sponsorship	-	-	-	
New Years Eve	No Port Sponsorship	-	-	-	
Ball Park	Benefit Allocation	35,000	44,000	54,000	
Total		650,000	669,000	883,000	2,202,000
	FY 00/01 costs are a straight line estimate at 80% of prior year costs				

In developing this proposed payment, staff worked closely with representatives of the City Attorney's office in selecting methodologies that were consistent with past California State Attorney General opinions, as well as the briefs prepared in prior litigation between the State of California and local governments regarding the proper use of tide land trust revenues. The dollar values derived from each of the methodologies were calculated by BAE with the exception of FY 00/01. BAE is still in the process of developing the cost allocation for FY 00/01 costs and did not have date available as of this data. So Port staff estimated the FY 00/01 date using the previous years cost allocation and adjusted down to account for inflation and lower utilization rates.

The justifications for the chosen methodologies are presented below.

Department of Parking and Traffic

The Department of Parking and Traffic (DPT) has provided parking enforcement on Port property since 1975. From 1975 to 1996 the City retained the citation revenue collected. In 1996 the City and Port entered in to a settlement agreement that guaranteed annual payment to the Port of $1.2 million each year from 1997 though 2017 to compensate the Port for current and past citation revenues. During the review of the settlement agreement for this study it was determined that this payment was to be indexed to increases in the parking fine rates. This has not occurred. Port Staff will contact DPT to adjust the annual payment. Pending the conclusion of these discussions with DPT, it was determined to exclude DPT services from the calculation at this time, and account for them separately in the FY 03/04 close out.

San Francisco Fire Department

The Port currently pays for the full cost of the fireboat and one full time fire inspector based on an MOU that was written when title of the fireboat Phoenix was transferred from the Port to the SFFD in 1995. Presently the Port does not pay any costs associated with land based fire services, and the SFFD does not pay rent for the two fire stations on Port property.

BAE calculated the cost allocation for fire service using three methodologies, 1) based on the existing MOU, 2) based on the land area serviced, and 3) based on calls for service. In past opinions the California State Attorney General has stated that whenever possible cost allocation based on actual service delivery date is the preferred method. Therefore this method was selected. The allocation includes a portion of the fireboat cost and the cost of land based service as well as the estimated market rental income for the two fire stations on Port property. The net result is the Port has overpaid for fire services from the City.

San Francisco Police Department

SFPD costs were broken down into two component calls for service and regular patrol. As with the SFFD, costs were based on actual services delivered, with Patrol costs based on road miles served with adjustments to account for the actual call for service ratio between Port lands and the surrounding City police service areas. The allocation method selected excludes the cost of services to leased properties, but does assign service costs to the Port for non-leased and public spaces, as well as road right of ways.

Special Events

BAE reviewed the costs associated with special events, such as Fleet Week and the annual New Years Eve celebration, that take place on Port property. In the case of most privately sponsored events, the sponsor reimburses the City the costs for policing and traffic control. In the case of public events, the City has absorbed most of the police and traffic control costs.

In allocating the cost of special events, it was determined that the Port was the primary sponsor of Fleet Week and as such should be responsible for the police and DPT costs associated with this event. In the case of the New Year's Eve and the Fourth of July, it was clear that these were citywide events. The Port was asked to permit these events on Port properties, but was not advised that the Harbor fund would be charged with the costs of police and traffic control. The City can request reimbursement for future special events, but in these cases the Port Commission will have the opportunity to review the estimated costs, prior to agreeing to allow the event on Port land.

Taking the aforementioned in mind, the special events cost allocation presented above, assign the full cost of Fleet Week to the Port, but does not assign any of the costs of New Year's Eve or the Fourth of July to the Port. Since there was no Fleet Week in FY 01/02, there are no costs in that year.

China Basin Ball Park

Cost associated with the policing incurred prior to and following San Francisco Giants baseball games have been allocated based on the ratio of Port revenue to the total government revenue generated by the BallPark. This allocation was chosen as a fair distribution of the expenses relative to the financial benefits received.

FUTURE YEAR RAMIFICATIONS

This Commission's authorization to expend FY 02/03 funds does not commit the Commission to authorize expenditure of funds for similar level or type of services in FY 03/04. Rather, the Commission will evaluate the conclusions and analysis in the Nexus Study, when finalized, and take action accordingly. The Port and the City will review the final version of the Nexus study and "true up" based on the final report.

Prepared by: Andres Acevedo
Principal Administrative Analyst

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 03-69

WHEREAS, Under Charter Section B3.581 (s), the Port Commission has the exclusive power to expend all funds necessary to carrying out its power and duty to operate and control the port areas of San Francisco; and

WHEREAS, On September 10, 2002 the Port Commission, by Resolution No. 02-37 approved the FY 02/03 Operating Budget; and

WHEREAS, The budget included $2.0 million for a transfer to the City's General Fund for municipal services provided in FY 00/01, FY 01/02 and FY 02/03 to the Port that were not paid for from either work orders or that annual COWCAP payment; and

WHEREAS, The Commission previously directed the Executive Director to seek Commission authorization prior to expending any of the $2 million; and

WHEREAS, Port staff believe that the memorandum prepared by BAE represents a good faith estimate of the costs of services provided to the Port for which the City is eligible to be reimbursed; now, therefore be it

RESOLVED, That the Port Commission hereby approves the expenditure of $2.0 million for transfer to the City's General Fund for municipal services provided in FY 00/01, FY 01/02 and FY 02/03; and be it further

RESOLVED, That the Port Commission directs the Executive Director to pursue completion of the Nexus Study and to bring recommendations to the Commission consistent with the findings of the final Nexus Study for its consideration and action.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of November 18, 2003.

_____
Secretary

bae
Bay Area Economics

Memorandum

To: Joel Robinson, Director of Finance & Administrative Services
Andres Acevedo, Port of San Francisco
Nexus Study Working Group

From: Jonathan Stern, Vice President
Steve Murphy, Associate
Alison Watkins, Analyst

Date: November 12, 2003

Subject: Port and City of San Francisco Balance of Payments, Fiscal Year 2002-2003

Executive Summary

This memorandum addresses the balance of payments between the Port of San Francisco and the City and County of San Francisco during fiscal years 2001-2002 and 2002-2003. This memorandum calculates the total cost of City services received by the Port (including those already paid for by the Port), taking into account: 1) existing Memorandums of Understanding (MOUs) and other agreements between the Port and the City departments; 2) accepted Public Trust doctrine and methodologies used to allocate the cost of services to Port uses and activities (the "nexus"); and 3) the services of the Port provided to the City or City use of Port property without compensation. This memorandum focuses only on the departments where substantial unpaid services were performed for the Port or within the Port Area by City departments.

This memorandum is a precursor to the full Nexus Study that will 1) provide additional information on the Port's financial relationship with all City departments; 2) estimate the total amount of payments from the Harbor Fund to the City's general and special funds, as well as City tax receipts derived from Port uses and activities, fees, and the value of in-kind contributions by the Port to City departments for fiscal years 2000-2001, 2001-2002 and 2002-2003; 3) present the balance of payments and service costs between the Port and the City's general and special fund departments for fiscal years 2000-01, 2001-02, and 2002-03; and 4) provide guidelines and methodologies for determining appropriate payments for City services in future fiscal years.

Balance of Payment for Fiscal Year 2002-2003

This memorandum presents a number of methodologies for determining the balance of payment for fiscal years 2001-2002 (FY 01-02) and 2002-03 (FY 02-03) between the Port of San Francisco and various City Departments. The major methodologies and payments are discussed in the paragraphs below. Tables 1 and 2 in the body of the memorandum summarize all of the methodologies outlined in this memorandum for FY 01-02 and FY 02-03.

Headquarters 510.549.7310
2560 9th Street, Suite 211 fax 510.549.7028
Berkeley, CA 94710 bae1@bae1.com
bayareaeconomics.com

Introduction

Stretching more than seven miles from Hyde Street Pier to India Basin, the San Francisco Port Area is a publicly owned waterfront transferred by the California State Legislature to the City of San Francisco to be held in trust for all the people of California, under the management of the San Francisco Port Commission (California Statutes of 1968, Ch. 1333, the Burton Act). As trustee of these public lands, the City, through its Port Commission and the public agency known as the Port of San Francisco, is charged with furthering statewide trust purposes within the Port Area, including: maritime commerce, navigation, and fisheries as well as natural resource protection, and other uses that attract people to use and enjoy the Bay. The Burton Act (the legislation that enacted the transfer of State administered tidelands to the Port of San Francisco) and the City Charter require the City to maintain a Harbor Fund where all Port revenues are held. Under Public Trust doctrine, the Burton Act, and a Transfer Agreement entered into by the City and the State, these Harbor Fund revenues may be spent only for uses and purposes of statewide interest in fulfillment of the purpose of the public trust. Moreover, the records of the Harbor Fund must be available upon the request of the State Department of Finance so that it may conduct audits in compliance with its legal duties.

One type of ongoing expenditure made by the Port each year is payment to City departments for services that support uses and activities within the Port Area. Payments are made for services provided by City departments including: Police, Fire, Parking and Traffic, Public Works, and others. Such expenditures are a legitimate expenditure of Harbor Fund revenues provided that the costs of such services are reasonable and that these services are necessary to carry out public trust uses and purposes. Since payment for these services represents a considerable amount of the Port's annual budget and the provision of these services represents a considerable cost to the City, there is interest on the part of all parties (including the State of California) that expenditures for such services are commensurate with the costs of service provided, legally appropriate, and readily auditable.

Mindful of the various legal constraints on the expenditure of Harbor Funds, the Port of San Francisco Nexus Study is being conducted in order that the City and the Port Commission, as the trustee of these public lands, may document the following items:

(1) The total cost of services received by the Port from other City departments, taking into account existing Memorandums of Understanding (MOUs) and other agreements between the Port and the City departments;

(2) The methodologies used to allocate the cost of services to Port uses and activities (the "nexus");

(3) The total monies generated on the Port, including payments from the Harbor Fund, tax payments derived from Port uses and activities, fees, and the value of in-kind contributions by the Port to City City's general and special fund departments; and

(4) The balance of payments and service costs between the Port and the City's general fund departments for FYs 2000-01, 2001-02, and 2002-03.

Moreover, the Nexus Study will be used as the methodological basis for determining appropriate payments for City services in future fiscal years between the Port and the City.

As background information, this document provides a brief explanation of Public Trust doctrine as it pertains to the Port of San Francisco and explains the purpose and need for the Nexus Study.

Public Trust Doctrine

Public ownership of the Port Area dates back to the formation of the State and is assured by Public Trust doctrine (sometimes referred to as Tidelands Trust doctrine), a common law doctrine that incorporates legal principles similar to those that govern the fiduciary of a trust fund that is managed for a beneficiary. This common law doctrine not only endows the States with title to and authority over tidelands and lands covered by navigable waters, it requires that such lands are to be used for public purposes. States are required to manage tidelands on behalf of the public and are ordinarily prevented from transferring tidelands to private interests. Tidelands may be granted to a municipality or other local agency; however, in the words of the California Attorney General's office, "when this occurs, the lands continue to be held in trust for all the people of the State."[1]

Port Finances

The Port is an enterprise department and is not directly supported by City general or other special fund tax revenue. Instead, the Port receives revenues from leasing of Port facilities for commercial uses such as maritime, parking, warehouse, retail, and office. City departments, such as Police, Fire, Parking and Traffic, Public Works and others, provide services to the Port or within the Port Area that support uses and activities on Port property. For these services, the City, as trustee, may use Harbor Fund revenues to reimburse the general fund and special funds for the cost of these services, subject to State and local law, including: Public Trust doctrine, the Burton Act, the City Charter, and the Transfer Agreement. Port revenues are held in a separate Harbor Fund and are appropriated pursuant to the budget and fiscal provisions of the City Charter. The Port Commission, the Office of the Controller, the Mayor, and the Board of Supervisors approve the Port's budget for expenditures from the Harbor Fund, including payments to specific City departments for various services.

The Need for a Nexus Study

Understanding, estimating, and systematizing the flows of funds between the Harbor Fund and the City's general and other special funds is a complex matter. Issues that affect this flow of funds include: cost of services rendered, use of Port property by City agencies and tax revenues generated within the Port Area that flows to the City (*e.g.* sales and use taxes, fuel taxes, transient occupancy taxes, property taxes and special assessments.). Additionally, the estimates or budgeted items from each department are used to establish a starting point each fiscal year, with actual costs billed against these budgeted items. During the course of a fiscal year, events and special circumstances may result in substantial differences between estimated or budgeted costs and actual billed costs. Moreover, the derivation of actual cost of activities or services provided

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[1] Van de Kamp, John K., Attorney General of California. Letter to Hon. William A. Craven, Senator. March 2, 1990.

varies among different City departments and agencies, according to their individual accounting and cost estimating systems and procedures. Finally, the relationship and process of determining allocations (or "nexus") for costs and payments from the Port's perspective must follow certain legal restrictions pertaining to trust issues and other local government "reasonableness" definitions, thereby requiring a careful definition of the nexus between each entity (Port and City), notwithstanding pre-existing MOUs and other agreements.

The Transfer Agreement specifies that the City shall "make its books and records in connection with the Harbor available for audit and inspection to auditors of the State of California in order that the State may insure that the provisions of the Act are complied with and to assist the Department of Finance in complying with its duties under the Act." In consideration of this requirement, the full Nexus Study report will provide the City and Port with an auditable record of past expenditures and a more systematic means of determining the balance of payments going forward.

Methodology

All payments of Harbor Funds from the Port to the City must comply with Public Trust doctrine, the Burton Act and the subsequent 1969 Transfer Agreement. This section provides the methodological framework for payments between the Port and the City as described in the above sources. Technical methodologies and existing agreements, including Memoranda of Understanding (MOUs), between the Port and the City are discussed below within the appropriate departmental sections.

California Attorney General

The California State Attorney General (AG) has made a distinction between special services provided to port areas, general city services provided to port and non-port areas and special capital projects that are of statewide interest or specifically benefit port operations. In a series of opinion letters to the Port of San Diego in 1990 and 1991, the AG laid out its interpretation of Public Trust doctrine related to payments for city services. In these letters the AG indicated that port payments for 100 percent of special services are legitimate where a contract exists and the special services are needed within on port lands. Citywide overhead rates charged above direct service provision costs should be lower where work is performed on port property, using port equipment.

For general city services the AG indicated that a port does not need to pay for services provided to private tenants and should not pay unless the port is receiving higher levels of services than typically provided in other parts of the municipality. However, it is proper for a port to pay for general city services for those port areas, such as streets or parks, which do not generate taxes that would otherwise pay for municipal services, provided that the port is not already providing for such services itself. The AG indicates that general city services should be provided to port tenants without requiring any contract with the port. Should a port decide it needs additional municipal services for its unleased areas; the port should enter into a contract to pay for them. In such instances, the cost of such services must bear a direct relationship to the services provided.

For special capital projects the AG indicated that the transfer agreement for specific tidelands were the guiding factor to consider. In San Francisco, the language of the Transfer Agreement allows for the expenditure of Port funds for capital projects that are of statewide interest and are within the boundaries of the Port or are reasonably necessary to provide immediate access to the harbor.

Burton Act and San Francisco Transfer Agreement

The Port of San Francisco was transferred to the City and County of San Francisco, in trust, by the Burton Act for the purposes of commerce, navigation, and fisheries. The Burton Act requires a separate Harbor Fund and separate accounting for all revenues earned on trust properties. These funds can only be used 1) to construct, reconstruct, repair, operate, maintain, promote, and protect trust property; 2) to promote maximum public use of trust property, and to encourage private development for the highest and best use of trust property; 3) For other trust use, which is of state interest or benefit; and 4) to acquire property and to pay for services that are reasonably necessary to carry out the trust purpose.

Pursuant to the Burton Act, the City and State entered into a Transfer Agreement in January 1969, which details the terms of the transfer. In general, the Transfer Agreement indicates that the Port pays for City services where it is not already providing for the service itself and in areas where an existing stream of tax revenue does not already pay for the municipal service. The Transfer Agreement allows the City to undertake services for the Port where economies will result, but requires that the Port's expenditures for such services not be greater than required.

At the time of the transfer, the Port maintained its own police force and performed some of it own fire protections services. The City Police and Fire Departments now provide all police and fire protections services to the Port. Based on the language of the Transfer Agreement and Burton Act, the Port can use Harbor Funds to pay for all services it receives from the fireboats (which serve Port and non-port areas) as a special service. Additional fire services and all police services can be paid out of Harbor Funds in areas where existing streams of tax-revenue do not already pay for municipal service (*i.e.* on unleased lands). These general trust principals and the language of the Burton Act and Transfer Agreement are the basis used to develop specific technical methodologies to allocate cost of each of the departments analyzed.

Unleased Land Allocation Methods

According to the State Attorney General's interpretation of Public Trust doctrine, the general city services can only charge to the Harbor Fund for service provided to unleased areas. In many instances it is not possible to determine the exact location of services provided within the Port Area. Service calls (such as police, fire or DPT calls) could occur on leased facilities or on unleased right-of-ways, or the call could involve incidents that move between the two. Two methods of allocating a portion of service costs to unleased lands within the Port Area have been utilized in this memorandum. Method 1 is the calculation of the percentage of all leased and unleased land (including all streets, sidewalks, right-of-ways etc.) within the Port Area and allocating that proportion of the cost to be paid with Harbor Funds. Method 2 is the calculation of the percentage of land represented by unleased Port facilities, excluding all streets, sidewalks, and right-of-ways as a portion of all leasable Port facilities and allocating that proportion of the

cost to be paid with Harbor Funds. This method reflects the fact that tax paying users in other parts of the City can reasonably expect police patrol and protection on the sidewalks and streets in their vicinity not just protection of their property or business. These two unleased land allocation methods have been used in the Police, Fire Department sections as well as a means to allocate costs for services delivered for special events and at the China Basin Ballpark.

Balance of Payment for Fiscal Year 2002-2003

This memorandum presents a number of methodologies for determining the balance of payment for fiscal years 2001-2002 (FY 01-02) and 2002-03 (FY 02-03) between the Port of San Francisco and various City Departments. The major methodologies and payments are discussed in the paragraphs below. Tables 1 and 2 in the body of the memorandum summarize all of the methodologies outlined in this memorandum for fiscal years 2001-2002 and 2002-2003.

Table 1: Balance of Payments by Methodology and Departments, Fiscal Year 2001-2002

Department	Methodology	Balance of Payments (a)	
DEPARTMENT OF PARKING & TRAFFIC			
	Actual Costs		
	Meter Patrol	*$15,000*	
	Total Actual Costs	**$15,000**	
	MOU (a)		
	Meter Patrol	*$15,000*	
	Citation Revenue	*($96,000)*	
	Total MOU	***($81,000)***	
FIRE DEPARTMENT			
	MOU (a)		
	Fireboat	*$220,000*	
	Total MOU	***$220,000***	
	Service Based	***Method 1***	***Method 2***
	Fireboat	*($56,000)*	*($56,000)*
	Other Fire Service	*$276,000*	*$81,000*
	Fire Station Rent	*($230,000)*	*($230,000)*
	Total Service Based	**($10,000)**	**($206,000)**
POLICE DEPARTMENT			
	Land Served	***Method 1***	***Method 2***
	Regular Patrol	*$600,000*	*$228,000*
	Calls for Service	*$346,000*	*$135,000*
	Existing Payment	($143,000)	($143,000)
	Total Land Served Method	**$803,000**	**$220,000**
	Service Based		
	Regular Patrol	*$442,000*	*$162,000*
	Calls for Service	*$337,000*	*$122,000*
	Existing Payment	($143,000)	($143,000)
	Total Call for Service Method	**$635,000**	**$140,000**

SPECIAL EVENTS	**Fleet Week (c)**	**Fourth of July**	**New Years Eve**
Police	*$0*	*$86,000*	*$162,000*
DPT	*$0*	*$24,000*	*$31,000*
100% Sponsorship	**$0**	**$110,000**	**$193,000**
Land Served - Method 1	$0	$18,000	$32,000
Land Served - Method 2	$0	$1,000	$7,000

CHINA BASIN BALLPARK	**Police**	**DPT**	**Total**
	$212,000	*$587,000*	*$798,000*
100% Sponsorship	$212,000	$587,000	**$798,000**
Land Served - Method 1	$39,000	$115,000	**$154,000**
Land Served - Method 2	$20,000	$54,000	**$74,000**
Benefit Allocation	$44,000	$123,000	**$167,000**

Notes:

(a) Positive values represent monies owed to the City by the Port, negative values represent monies owed to the Port by the City. Balance of payments are rounded to the nearest thousand $.

(b) Based on Transfer Agreement, Burton Act or MOUs, if different from actual exenditures.

(c) Due to the September 11, 2001 attacks there were no Fleet Week events in Fiscal Year 2001-2002.

Sources: Port of San Francisco; City and County of San Francisco; BAE, 2003.

Table 2: Balance of Payments by Methodology and Departments, Fiscal Year 2002-2003

Department	Methodology	Balance of Payments (a)		
DEPARTMENT OF PARKING & TRAFFIC				
	Actual Costs			
	Meter Patrol	*$16,000*		
	Total Actual Costs	**$16,000**		
	MOU (a)			
	Meter Patrol	*$16,000*		
	Citation Revenue	*($224,000)*		
	Total MOU	***($208,000)***		
FIRE DEPARTMENT				
	MOU (a)			
	Fireboat	*($158,000)*		
	Total MOU	***($158,000)***		
	Service Based	***Method 1***	***Method 2***	
	Fireboat	*($119,000)*	*($119,000)*	
	Other Fire Service	*$280,000*	*$77,000*	
	Fire Station Rent	*($230,000)*	*($230,000)*	
	Total Service Based	**($70,000)**	**($272,000)**	
POLICE DEPARTMENT		***Method 1***	***Method 2***	
	Land-Based			
	Regular Patrol	*$643,000*	*$250,000*	
	Calls for Service	*$334,000*	*$130,000*	
	Existing Payment	($119,000)	($119,000)	
	Total Land-Based Method	**$858,000**	**$261,000**	
	Service-Based			
	Regular Patrol	*$499,000*	*$190,000*	
	Calls for Service	*$375,000*	*$142,000*	
	Existing Payment	($119,000)	($119,000)	
	Total Call for Service Method	**$755,000**	**$213,000**	
SPECIAL EVENTS		**Fleet Week**	**Fourth of July**	**New Years Eve**
	Police	*$144,000*	*$93,000*	*$176,000*
	DPT	*$4,000*	*$25,000*	*$33,000*
	100% Sponsorship	**$148,000**	**$118,000**	**$209,000**
	Land Served - Method 1	$39,000	$19,000	$34,000
	Land Served - Method 2	$5,000	$1,000	$8,000
CHINA BASIN BALLPARK				
		$272,000	*$618,000*	$890,000
	100% Sponsorship	$272,000	$618,000	**$890,000**
	Land Served - Method 1	$50,000	$121,000	**$171,000**
	Land Served - Method 2	$26,000	$57,000	**$83,000**
	Benefit Allocation	$54,000	$122,000	**$175,000**

Notes:

(a) Positive values represent monies owed to the City by the Port, negative values represent monies owed to the Port by the City. Balance of payments are rounded to the nearest thousand $.

(b) Based on Transfer Agreement, Burton Act or MOUs, if different from actual exenditures.

Sources: Port of San Francisco; City and County of San Francisco; BAE, 2003.

Department of Parking and Traffic

The Department of Parking and Traffic (DPT) provides parking enforcement within the Port Area along the Embarcadero and at the ballpark at China Basin. The Port is responsible for the installation, maintenance and fare collection of the parking meters on its property, and has contracted with DPT to enforce all parking regulations, including parking meters. The Port pays the full cost of the DPT employees patrolling the Port Area, as described in greater detail later in this section.

According to Public Trust doctrine, the revenue from these citations should be returned to the Harbor Fund. From 1969, when the Port was transferred to the City, to 1975, Port staff enforced parking violations within the Port Area and the Port received the revenue from those parking fines. In 1975, the City assumed the parking enforcement functions within the Port Area, and from 1975 to 1996 the City retained the citation revenue collected. In 1996, a settlement, the Annual Payment Agreement (the settlement agreement), was reached between the Port and the City, stating that the City would pay the Port a Guaranteed Annual Payment (GAP) of $1.2 million each year from 1997 to 2017 to compensate the Port for current and previously unpaid citation revenue. At the end of the settlement period, DPT would pay to the Port an amount equal to the actual revenue from citations collected in the Port Area each year. As part of this study, the actual revenue from citations collected in the Port Area was analyzed to determine the balance of payments between the City and the Port. A more detailed explanation of the results of that research follows later in this section.

Both the costs of providing parking control to the Port and the revenue generated by citations in Port Area were analyzed to determine the net cost of services provided by the Department of Parking and Traffic within the Port Area. The cost of patrolling Port meters and roadways was calculated using the per employee hour method established by DPT for the Port. The Port's payments to DPT are in the form of a revenue transfer and not a work order, unlike most other City departments who contract with the Port. This method for calculating costs is based on a fee-for-service model, and does not conflict with any other agreements or Public Trust doctrine, and no other methodology was suggested for calculating the cost of regular patrol services. This method is outlined in the proceeding paragraphs.

Parking Meter Enforcement

The parking meters within the Port Area are primarily located on the Embarcadero and are patrolled by DPT as two distinct "beats" monitored separately from the parking meters owned by the City. Each of these beats is patrolled daily by a Parking Control Officer (PCO). The Port pays DPT for the salary, mandatory fringe benefits and overhead costs for 2.5 FTE – one FTE for each beat and 0.5 FTE to account for sick days, floating holidays, etc. – for this service. DPT also recovers the salary, fringe and overhead for supervisor time (20 percent) and administrative time (10 percent). These percentages were calculated based on the normal ratio of supervisors to PCOs, which is one to twelve. The Port is also charged for vehicle maintenance and fuel based on actual costs. A table displaying the calculation of these costs for the three fiscal years of the study is in Appendix A.

DPT contributes to the retirement funds of its employees some years (depending on prevailing labor agreements), a cost which is then passed on to the Port. During the study period, DPT has been contributing to employee retirement, but has not been passing along these costs to the Port. These retirement costs have been calculated for the previous years and should be included in Port payments to DPT in future years.

Fiscal Year	Port Expenditures	Retirement Expenses	Port Patrol Costs
2000-2001	$306,944	$14,018	$320,962
2001-2002	$299,728	$14,671	$314,399
2002-2003	$335,534	$15,506	$351,040

Cruise Terminal

The Port issued a work order for parking control officers from DPT for fiscal year 2002-2003 to monitor traffic and parking along the Embarcadero around the cruise terminal due to changed security restrictions after September 11th, 2001, but the work order was cancelled after the first deployment. DPT charged the Port for ten PCOs with a total of 83 hours and two supervisors with a total of 19 hours, for a total cost of $4,540.95.

Pacific Bell Park and Other Special Events

DPT provides parking control for Giants' games and other events at the China Basin ballpark. DPT also supplies officers to monitor parking and traffic along the waterfront for special events taking place on the waterfront, such as New Year's Eve, 4th of July, and Fleet Week. Further discussion of this issue can be found in the Special Events and China Basin Ballpark Sections of this report.

Citation Revenue

According to the Annual Payment Agreement (the settlement agreement between the Port and the City regarding revenue from citations issued on Port property), the City would pay a Guaranteed Annual Payment (GAP) of $1.2 million to reimburse the Port for citation revenue collected that year, as well as revenue it collected between 1975 and 1996 but did not return to the Port. The Agreement also states that the City will increase the GAP by "the incremental increase in parking fines actually collected on Port property as of the effective date of the increase." Increases in fines (also known as penalties) which are "dedicated to the State for State purposes of any other purpose mandated by the State" are not included in the increases to the GAP. This assumes if the State is receiving revenue from parking citation penalties than it should not receive it twice via this settlement payment. Overall, citation penalties in the City have increased twice since 1996 (when the settlement agreement went into effect), in January 2002, and June 2003, but the payment made to the Port did not increase as a result.

It should also be noted that the settlement agreement did not take into account the actual increase or decrease in revenue received by DPT as a result of the increase in citation penalties. The settlement agreement included a list of citations issued on Port property at the time the settlement agreement was reached which were to be used to calculate any increases in GAP. Evaluating only those citations listed in the settlement agreement, BAE estimated the amount the GAP

should have been increased as a result of the increases in penalties. To make this estimate, BAE created a weighted average of the citations both issued within the Port Area and listed in the settlement agreement, and indexed their increases. Both penalty increases did not coincide with the beginning or end of a fiscal year. As directed by the settlement agreement, the increase in GAP corresponding to a mid-year penalty increase was calculated as of the effective date of the increase. Citation penalties increased approximately 16 percent in January 2002, which lead to an increase of 8 percent in GAP for fiscal year 2001-2002, or a total payment of $1,295,809. Penalties increased again in June of 2003 by 28 percent, up10 percent for all of fiscal year 2001-2002. For fiscal year 2002-2003, the GAP should have increased to $1,423,817. Using this methodology, the City should increase the GAP for fiscal year 2003-2004 to approximately $1.7 million to reflect the 25 percent increase in the Port citation fines for that year, assuming no additional increase in penalties occurs before the end of fiscal year 2003-2004. More details regarding this methodology can be found in Tables A-4 and A-5.

As mentioned earlier in this section, at the end of the settlement period, DPT is supposed to begin to reimburse the Port for the actual citation revenue generated on Port property. Currently the database DPT uses to track citations does not have a system for identifying citations issued on Port property. For this study, DPT was able to search their database for citations issued on Port property during the study period using the parking meter numbers of parking meters on Port property, a list of addresses within the Port and a list of words often associated with the Port, such as pier, seawall, wharf, etc. Citations issued at meters on Port property correspond to the meter's location. Other citations, such as double parking, parking in areas where parking is not allowed, etc., also were identified by address. The results of this search were mapped using GIS to exclude any citations from non-Port property mistakenly included in the data. It is likely that some citations issued on Port property were not included in the data analyzed, thus undercounting revenue generated with the Port Area; however it is extremely unlikely that any citations issued off of Port property were included in data, making this revenue estimate the lower bound of revenue collected on Port property.

During the three years analyzed for this study, DPT collected more than $600,000 each year from citations issued on Port property. This does not include citations issued, but not collected by DPT, or money generated from additional penalties charged by DPT for late payments, which is assumed to cover DPT costs for pursuing non-payment cases. This leaves a little less than $600,000 each year of the settlement agreement to repay the Port for the 20 years of lost revenue. Assuming the City increases the GAP based on the increase in citation revenue as stipulated in the settlement agreement before the end of fiscal year, the Port will receive more money toward paying the arrears.

For this study it was not possible to estimate the revenue collected by DPT on Port property during the 25 years between the time the City took responsibility for enforcing parking violations within the Port Area between 1975 and the beginning of this study period in 2000 due to significant changes in the City and within the Port Area that would affect parking citations, including changes in population, number of vehicles, parking restrictions and citation fines during that period.

Police Department

Background
At the time of the transfer of the Port to the City, the Port operated its own police force. In the words of the Transfer Agreement, the duties of this force were narrowly defined; namely, the Port police were responsible for "police traffic services in the Port Area and the protection of Port property." Since that time, the San Francisco Police Department has assumed responsibility for the provision of all police services within the Port Area. Their duties are more broadly defined than the duties of the Port police as described in the Transfer Agreement. The Police Department responds to incidents and investigates crimes in the Port Area whether against persons or property. Moreover, the Police attempt to deter crime by maintaining a visible presence. Finally, the Police Department staffs various special operations and undercover assignments in the Port Area. While the City has assumed full responsibility for police service within the Port Area, the Port continues to play a proactive role in providing for the security of Port property. The Port has contracted with a private security firm to patrol the Port Area, including unleased Port facilities. In addition to the Port's security service, a number of Port tenants hire their own private security guards.

Current Payments by the Port to the Police Department
Port expenditures for Police services during the previous three years are listed below.

Fiscal Year	Southern Station Port Officer	Cruise Terminal	Actual Port Workorders
2000-2001	$100,992	$0	$100,992
2001-2002	$143,241	$0	$143,241
2002-2003	$118,898	$89,895	$208,793

During the study period examined and for some years prior, the Port has paid the Police for 40 hours of overtime per week in order to have an officer from the Southern Police District dedicated to the Port on a full-time basis. In addition, the Port paid for police time at the cruise terminal during FY 01-02 and FY 02-03. After the terrorist attacks on September 11th, 2001, new security regulations required changes to cruise passengers parking, causing traffic congestion along the Embarcadero and other streets leading to the cruise terminal. The Port originally contracted with DPT to provide parking and traffic control service at the cruise terminal, but it is now performed by the Police.

Calculating the Cost of Providing Police Service within the Port Area
Police service within the Port Area may be broadly grouped into two categories: patrol (including uniformed and undercover assignments) and response to calls for service/incidents. Police service provided at major special events is discussed separately in the Special Events section of this memorandum. Within the Port Area police services are provided by three police districts – Central, Southern, and Bayview – and the Police Marine Unit.

In the absence of an established cost accounting system to track police costs attributable to the Port Area, BAE has estimated the cost of providing police service in the Port Area using two

distinct cost allocation methodologies: one based on the percentage of calls for services (Service-Based Methodology) to the Port Area and the other based on the amount of land and street lengths within the Port Area served (Land-Based Methodology).

Each methodology is a separate attempt to estimate the cost of providing police service to the Port and arrives at different cost figures. These methodologies are described separately below in the Service-Based Methodology and Land-Based Methodology sections. While the two methods are ultimately distinct, each involves estimating the amount of police officer time currently spent in the Port Area and multiplying this by an average hourly cost for police service, which has been fully loaded to account for fringe benefits, overhead costs, and night shift premium pay, as appropriate.

Calculating Patrol Time

Police patrol is performed by officers assigned to car, bicycle and foot beats. Each beat corresponds to defined geographic areas. The entire City is divided up by car beats that do not overlap with one another. There are seven car beats serving land that includes the Port Area. There are numerous bicycle and foot beats throughout the City, including two foot beats and one bicycle beat that were staffed in the Port Area during the three-year study period.

As in other areas of the City, the Port Area receives levels of patrol commensurate with levels of activity and mediated by the availability of officers on a given day. As an example of how patrols are distributed on the Port vis-à-vis other areas in the City, there is a foot beat at Fisherman's Wharf (inside the Port Area) as well as a foot beat at Union Square (outside of the Port Area). Both areas have high levels of foot traffic and tourism and generate substantial sales tax revenue. In comparison, there are no foot beats in the industrial area at the southern end of the Port Area nor in surrounding non-Port areas.

To calculate the current levels of police patrol service provided to the Port, BAE analyzed police staffing records to determine how many hours were worked on each beat serving the Port during the previous three fiscal years. Adjustments were made to account for time when officers were assigned to beats but were not patrolling (*e.g.*, officers were responding to calls for service). In the case of the Police Marine Unit, staffing reports were not available. To determine the amount of staffing on the police boats, BAE interviewed the sergeant in charge of the Police Marine Unit. The two methods used to allocate police patrol time between the Port Area and non Port areas are explained in the Service-Based Methodology and Land Based-Methodology section below.

Calculating Response to Calls for Service Time

In addition to patrolling, the other major component of general police work is responding to calls for service. Most calls for service are responded to by officers who are on patrol, assigned to car, foot, or bicycle beats.

In order to estimate the amount of police time spent responding to calls for service in the Port Area, BAE analyzed a database of dispatched calls using two methodologies. Each methodology provided an estimate of the number of calls attributable to the Port Area. BAE then multiplied the estimated number of calls attributable to the Port by the average consumed time per call to

calculate the amount of police time spent responding to calls in the Port Area. The two methods used to allocate police call for service response time between the Port Area and non-Port areas is explained in the Service-Based Methodology and Land Based-Methodology section below.

Allocating Costs Between Leased versus Unleased Land and Facilities in the Port Area
As explained in the introduction to the memorandum, the AG has indicated that general city services, including routine police service, should be provided to port tenants without requiring any contract with or payments from the Port. Nonetheless, due to the following factors it was not possible to directly discern which police services provided in the Port Area pertained to leased facilities versus unleased facilities:

1) Police patrol beats include both leased and unleased areas interspersed among one another; and
2) By their nature police calls for service pertain to events that may move between leased and unleased areas; moreover, address information about calls for service does not distinguish whether an event occurred on an unleased sidewalk or inside a leased business.

As a means of estimating the percentage of police time allocable to leased versus unleased property, BAE calculated the percentage of leased and unleased land area with the Port Area for each police district (Method 1). This method attributes police time (and costs) to the Port for all unleased facilities including piers, buildings, streets, parks, and other areas that are not leased or controlled by another city departments through an MOU. Method 1 closely reflects direction provided by the AG to the San Diego Port District, which indicated that the costs of policing unleased streets and parks could be assessed to a port.[2] As an alternate methodology, BAE calculated the percentage of land represented by unleased Port facilities, excluding streets, parks, and right-of-ways (Method 2) and allocated this percentage of police time (and costs) to the Port. This method reflects the fact that tax paying users in other parts of the City can reasonably expect police patrol and protection on the sidewalks and streets in their vicinity not just protection of their property or business.

Service-Based Methodology
The Service-Based Methodology relies on police activity reports and staffing reports to determine the cost of service for Police units that serve the Port and adjacent areas. In order to allocate the cost of these units between the Port and the City, the Service-Based Methodology calculates the total number of police calls for service that occurred in the Port Area as well as the percentage of police calls for service that occurred within the Port Area for each police beat and splits costs accordingly.

Allocating Calls for Service Costs to the Port
BAE analyzed an address-level database of all dispatched calls for fiscal years 2000-01, 2001-02 and 2002-03 and located them on a map using Geographic Information System (GIS) mapping software. This allowed BAE to identify the total number of calls for service in the Port Area.

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[2] Letter from Attorney General's Office to San Diego Unified Port District, March 7, 1991.

BAE multiplied the number of police calls in the Port Area by the amount of time per call and by the fully-loaded hourly rate of a police officer to determine the cost of responding to Police calls for service in the Port Area. This number was further adjusted to account the presence of leased land in the Port Area, using the two methodologies described above.

Allocating Police Patrol Costs to the Port
Interviews with police officers indicated that patrol resources within a beat are generally allocated based on police activity. The Service-Based approach assumes that police patrol within a beat is proportional to police activity as measured by calls for service and allocates patrol time within a beat to the Port based on the percentage of calls for service within the Port Area for each beat. BAE multiplied the amount of police patrol time spent on the Port Area by the fully loaded hourly rate of a police officer to determine the cost of patrolling the Port Area. Total Port costs were further adjusted to account the presence of leased land in the Port Area, using the two methodologies described above.

Land-Based Methodology

As in the Service-Based Methodology, the Land-Based Methodology relies on police activity reports and staffing reports to determine the cost of service for Police units that serve the Port and adjacent areas. In order to allocate the cost of these units between the Port and the City, the Land-Based Methodology uses the amount of Port land area within police crime reporting plots and the percentage of roadways in the Port Area within each police beat as a means to allocate costs.

Allocating Calls for Service Costs to the Port
BAE analyzed a summary database of calls dispatched in police districts serving the Port for fiscal years 2000-01, 2001-02 and 2002-03. This summary database identified the number of calls for service that occurred within small geographic areas, known as police reporting plots. These reporting plots are approximately five to ten square blocks in size and cover the entire city. For reporting plots that included a portion of the Port Area, BAE used GIS to determine the percentage of the plot inside and outside of the Port Area. Assuming an even distribution of calls for service throughout the reporting plot, BAE allocated calls to the Port based on its share of the reporting plot land area. While allocating police costs based on land area would not ordinarily be an advisable means of apportioning costs – land area is not necessary a good proxy for the amount of police service provided – because the reporting plots are quite small, this methodology is a defensible means of apportioning costs related to calls for service to the Port. Nonetheless, given that it was ultimately possible to obtain address-level data for calls for service, this methodology is less satisfactory that the Service-Based Methodology described above in determining the number of calls for service in the Port Area.

Once BAE determined the number of calls for service attributable to the Port using the Land-Based Methodology, BAE multiplied the number of police calls in the Port Area by the amount of time per call and by the fully-loaded hourly rate of a police officer to determine the cost of responding to Police calls for service in the Port Area. This number was further adjusted to

account the presence of leased land in the Port Area, using the two methodologies described above.

Allocating Police Patrol Costs to the Port

While police interviews indicated that patrol tends to be concentrated in areas with higher crime levels, officers also indicated that they attempt to spend time throughout the areas they patrol, roaming along streets and right-of-ways in their beats. Measuring the amount of road lengths within a beat and determining how much of those road lengths are inside the Port, provides an alternative methodology to estimate the percentage of patrol time for each beat spent inside versus outside of the Port Area. Under this methodology, BAE multiplied the estimated amount of police patrol time spent on the Port Area by the fully loaded hourly rate of a police officer to determine the cost of patrolling the Port Area. Total Port costs were further adjusted to account the presence of leased land in the Port Area, using the two methodologies described above. For patrol costs, both the Service-Based and Land-Based methodologies provide reasonable, equally defensible means of allocating costs to unleased land in the Port Area.

Balance of Payments

The following table presents the balance of payments owed by the Port to the City for police service under the various allocation methodologies for FY 01-02 and FY 02-03. FY 01-02 figures will be available in the final Nexus Study.

Fiscal Year 2001-2002	Actual Port Expenditures	Calls for Service Costs	Patrol Costs	Balance of Payments
Service-Based Method 1	$143,241	$336,750	$441,655	$635,164
Service-Based Method 2	$143,241	$122,038	$161,627	$140,423
Land-Based Method 1	$143,241	$346,397	$600,075	$803,231
Land-Based Method 2	$143,241	$135,405	$228,261	$220,426

Fiscal Year 2002-2003	Actual Port Expenditures	Calls for Service Costs	Patrol Costs	Balance of Payments
Service-Based Method 1	$118,898	$374,668	$499,301	$755,071
Service-Based Method 2	$118,898	$142,435	$189,857	$213,394
Land-Based Method 1	$118,898	$333,844	$643,147	$858,093
Land-Based Method 2	$118,898	$129,909	$249,547	$260,557

Calculations of Port payments for Patrol and Calls for Service are detailed in Appendix Tables B-1 through B-5.

Special Events

A number of special event public gatherings occur within the Port Area. BAE identified major special events that occurred within the Port Area through a variety of means, including discussions with the Port Nexus Study Working Group, use of DPT's street closure permit database, and interviews with Police special events coordinators in the Central and Southern Police Districts. Approximately a dozen events were identified initially, including foot races, the X-Games, and concerts.

Three special events stood out as meriting additional consideration: Fleet Week, the Fourth of July, and New Year's Eve. These are large citywide or region-wide events that attract participants from all over the City and Bay Area and require additional Police and DPT service for crowd control, traffic control, and parking patrols for which the City does not recover costs from any private entities. Privately sponsored large events, such as privately sponsored firework displays and concerts, are required to pay for these public services through the Police 10-B program and by direct payment to DPT. These mechanisms allow these departments to bill the actual cost of their services directly to the recipients of services that are beyond standard service levels. It should be noted that privately sponsored special events within the Port Area may have small residual service costs that are not recovered.

BAE interviewed DPT and Police Department staff and reviewed special event staff reports in order to estimate the cost of City services for the major special events. Although Fourth of July, Fleet Week, and New Year's Eve events were held primarily within the Port Area, patrol and other DPT and Police services were provided to adjacent City land as well. The methodologies for estimating Police Department and DPT costs are outlined below. While the Port and City may have incurred additional costs in connection with these events, including costs associated with event planning and materials costs, these costs were assumed to be relatively small and are not addressed in this memorandum.

Police Service

To determine the cost of providing Police services for special events, BAE conducted interviews with Police special events coordinators and analyzed Police operations reports. Operations reports describe the deployment of Police officers for an event, identify the rank of officers deployed and state officers' pay status for the event (*i.e.* whether officers were paid on-duty or overtime wages or were paid for by the event organizer through the 10-B program). BAE identified which officers were part of a deployment assigned fully or partially to the Port Area and calculated the fully-loaded cost of these officers' time by multiplying the number of hours worked by the correct pay rate, accounting for overtime and night-shift premium pay where appropriate.

To support cost allocation methodologies, BAE used written descriptions of Police deployments and interviews with Police staff to construct GIS maps of patrol areas for special events. BAE was thereby able to calculate the portion of each patrol area located within the Port Area as well as the amount of leased and unleased land in the area served.

During the 2002 Fleet Week celebration, the Police Department deployed approximately 250 officers who worked nearly 2,500 hours. According to the Police Department operations report and interviews with Police officers, the Police Department's deployment for Fleet Week was entirely within the Port Area. There was no Fleet Week in FY 01-02 due to heightened security concerns because of the terrorist attacks of September 11th, 2001.

Each Fourth of July, the Police Department deploys a large number of officers in the Fisherman's Wharf area to monitor the crowds of spectators watching the fireworks. During the 2001 and 2002 Fourth of July celebrations, the Police Department deployed nearly 150 officers to patrol this portion of the City. Officers assigned to Fisherman's Wharf patrol throughout an area that is approximately 45 percent within the Port jurisdiction.

During the annual New Year's Eve celebration the Police department deploys nearly all uniformed personnel at various locations throughout the City including the Fisherman's Wharf area and along the Embarcadero, particularly near the Ferry Building. According to Police operations reports there were nearly 250 officers assigned to patrols that included portions of the Port. Approximately 40 percent of the land area of these patrols was within the Port Area.

Police costs associated with special events held along the San Francisco Bay waterfront are substantial. The full cost of providing police services to FY 02-03's Fleet Week, the Fourth of July and New Year's Eve celebrations was $143,738, $93,035, and $175,627 respectively. Police staffing reports were not available for FY 01-02, therefore special event costs were estimated based on FY 02-03 staffing levels and FY 01-02 fully-loaded hourly rates. The estimated costs of providing Police service to FY 01-02 Fisherman's Wharf Fourth of July celebration and New Year's Eve celebration along the Embarcadero and near Fisherman's Wharf amounted to $86,120 and $162,013. Various cost allocation methods for apportioning the costs of these events between the Port and the City are presented in the Appendix C.

Department of Parking and Traffic (DPT)

To determine the cost of providing parking and traffic control officers for special events, BAE conducted interviews with the DPT special event coordinator regarding the patrol areas and deployment for each of the major events discussed in this study: Fleet Week, New Year's Eve and the Fourth of July. The special event coordinator also identified position and pay status for Parking Control Officers (PCOs) deployed, whether on-duty or overtime. None of the costs of the PCOs or supervisors staffed at these three events were paid by private event sponsors. BAE calculated the fully-loaded cost of the officers' and supervisors' time by multiplying the number of hours worked by the overtime pay rate for each level. Special event assignments are paid as overtime, regardless of their time of day.

As mentioned in the section describing the costs of Police service, BAE used written descriptions of Police deployments and interviews with Police Department staff to construct GIS maps of patrol areas for special events to use in allocating costs to unleased Port property. BAE was thereby able to calculate the portion of each patrol area located within the Port Area as well as the

amount of leased and unleased land in the area served. Although DPT patrol areas often differ slightly from those of the Police Department, the difference was not significant enough to warrant separate analysis.

During Fleet Week in October 2002, DPT deployed five PCOs and one supervisor who each worked an eight hour shift for two days, for a total of 92 hours. For the July 4th holiday, DPT deploys officers in the Fisherman's Wharf area, and along major traffic arteries leading to the area, such as Van Ness Avenue, Marina Blvd., and the Embarcadero. On July 4th 2001 and 2002, there were 52 PCOs and four supervisors assigned to the event for ten hours each. The special events coordinator was also on-duty during that time. There was no Fleet Week in FY 01-02 due to heightened security concerns after the terrorist attacks of September 11th, 2001.

The New Year's Eve celebration is the largest special event on the waterfront and requires significant parking and traffic control before, during and after the event. On this night in 2001 and 2002, DPT assigned 68 PCOs and seven supervisors to the area surrounding the Ferry Building for a shift of ten hours each. The special event coordinator was also on-duty during this time.

DPT costs associated with special events held along the waterfront are less than those for the Police Department. The full costs of policing Fleet Week, the Fisherman's Wharf Fourth of July celebration, and New Year's Eve celebration along the Embarcadero and near Fisherman's Wharf in FY 01-02 amounted to $23,682 and $31,244, respectively. In FY 02-03 those events cost $4,237, $28,894, and $36,839 respectively. Various cost allocation methods for apportioning the costs of these events between the Port and the City are presented in the Appendix C.

Special Event Cost Allocation

There are two options for determining the allocation of special events costs to be paid by the Harbor Fund: 1) Port special event sponsorship; or 2) allocation as a general City service. If the Port is determined to be the public sponsor of a special event in a given year, 100 percent of the event costs can be allocated to the Port. As the sponsor of the event occurring within the Port Area, the Harbor Fund could pay for services provided both within the Port Area and other City areas. Fleet Week is an event that fits this methodology well. Fleet Week qualifies as an event for which Harbor Funds can be used because it promotes public use of trust lands for a maritime use (the air and water show).

Treating special events costs as a general, albeit dedicated, City service acknowledges that a portion of the services for special events are within the Port Area and can be paid by the Harbor Fund in a way analogous to routine City services. As a general City service, the Harbor Fund can pay only for services on unleased lands on the Port. Appendix Tables C-1 and C-2 shows the percentage of unleased land (Method 1) and percentage of unleased Port facilities (Method 2) that falls within the service area of each of the special events. The Port's share of the total cost of Fourth of July, and New Year's Eve using a general City services Land-Based allocation methodology are $17,534 and $31,881, respectively. The costs of these two events and Fleet

Week for FY 02-03 using the same methodologies are $18,848, $34,402 and $38,995, for Method 1 and $1,296, $7,870 and $4,786, respectively for Method 2.

Special Event Summary

Fiscal Year 2001-02	Fleet Week	Fourth of July	New Years Eve
100% Sponsorship	n/a	$109,803	$193,257
Land-Based Method 1	n/a	$17,534	$31,881
Land-Based Method 2	n/a	$1,206	$7,293

Fiscal Year 2002-03	Fleet Week	Fourth of July	New Years Eve
100% Sponsorship	$147,975	$117,999	$208,535
Land-Based Method 1	$38,995	$18,843	$34,402
Land-Based Method 2	$4,786	$1,296	$7,870

China Basin Ballpark

The Ballpark at China Basin (also known as Pacific Bell Park and SBC Park) is home to the San Francisco Giants and hosts many other sporting events and concerts throughout the year. These activities require additional Police and DPT service to the area during the events. The departments recover some of these costs from the event sponsor. A portion of the costs is borne by the departments as part of their regular budget. This section estimates the total cost of these events and discusses the potential Port responsibility for these costs.

Police

In order to determine the cost of providing Police services to China Basin Ballpark, BAE conducted an interview with the Police special events coordinators assigned to China Basin Ballpark Park and analyzed the Police operations reports for the 2002 World Series and 2003 Giants regular season.

According to the Police operations reports and interviews with Police staff, the deployment of officers at China Basin Ballpark ranges from 14 to 22 officers, with an average deployment of 16 officers.[3] Officers arrive at the Park two hours before game time and remain until crowds clear at the end of the game. According to the Police special events coordinator assigned to China Basin Ballpark, the average length of deployment is six hours. According to an informal agreement between the Police Department and the Giants, the City pays for Police officers for the two hours before games begin and the Giants pay for Police expenses thereafter, approximately three to five hours. BAE calculates the per-game unrecovered expense to the City at $2,380 per regular season game for FY 01-02 and $2,580 per regular season game for FY 02-03. Police staffing

[3] This does not include sector car 5, which patrols in the vicinity of the ballpark during games. Costs associated with this Police assignment are accounted for in the Police section of this memorandum.

reports were not available for FY 01-02, therefore per game costs were estimated based on FY 02-03 staffing levels and FY 01-02 fully-loaded hourly rates.

To determine this cost BAE counted the number of games during FY 01-02 and FY 02-03. During the FY 01-02 season there were 89 Giants games at China Basin Ballpark, while during the FY 02-03 season there were 90 games, not including the World Series. World Series games had substantially higher levels of Police deployment and are described below. BAE determined the average unrecovered cost per game by multiplying the average number of hours worked before the start of a game by the appropriate pay classification, making adjustments for overtime and the night-shift premium as appropriate. The average cost per game was then multiplied by the number of games to determine the total unrecovered cost for FY 01-02 and FY 02-03: approximately $211,900 and $232,200 respectively. In comparison, the City billed the Giants for $232,277 for regular season games during the 2003 season. The fact that these figures are nearly equal suggests either that the City is under-billing the Giants for hours worked during the game or that the average deployment or average number of officers deployed is less than reported.

For the 2002 World Series the Police Department prepared a separate deployment plan, including a substantially larger police presence. The average unrecovered cost per game was approximately $13,350 with a total unrecovered cost for the series of slightly more than $40,000. In comparison, the Police billed the Giants approximately $70,500 for hours worked during the game. This ratio of slightly less than one dollar of unrecovered costs for two dollars of recovered costs is what would be expected if the City were only paying for the two out of six hours of Police time associated with an average game.

Department of Parking and Traffic (DPT)

In order to determine the cost of providing Police services to China Basin Ballpark, BAE conducted an interview with the DPT special events coordinator, who also is responsible for staffing at China Basin Ballpark Park. DPT assigns officers for three hours prior to the game through one hour after the game to facilitate traffic flow through the area to and from the ballpark, as well as enforcing parking restrictions in the area. DPT monitors all of the hours assigned to Giants' games and the total cost of those hours for each fiscal year through their Financial Accounting Management Information System. A quick search of that system reported that DPT staff at all levels worked 1,909.75 hours related to Giants' games at China Basin Ballpark in FY 01-02 and 19,060.4 hours in FY 02-03, at a total cost of $586,563 in FY 01-02 and $617,654 in FY 02-03.

China Basin Ballpark Cost Allocation

BAE has examined three options for determining the allocation of costs for Giants' games to be paid by the Harbor Fund: 1) 100 percent sponsorship of costs of City services; 2) the allocation of costs as a general City service; or 3) allocation based on the relative revenue benefits of the baseball games within the Port Area.

Treating Giants' games costs as a general, albeit dedicated, City service acknowledges that a portion of the services for these public events are within the Port Area and can be paid by the Harbor Fund in a way analogous to routine City services. As a general City service, the Harbor

Fund can pay only for services on unleased lands. Appendix Table D-1 shows the percentage of unleased land (Method 1) and percentage of unleased Port facilities (Method 2) that falls within the service area of Giants' games. The Port's share of the total cost of Police, parking and traffic costs for FY 01-02 Giants' games using a general City service Land-Based allocation methodology is $153,612 using Method 1 and $74,232 for Method 2. The Port share of the total cost of FY 02-03 Giants' games (including playoffs and the World Series) using the same allocation methodologies is $170,756 for Method 1 and $82,881 for Method 2.

Because the Giants' are a region-wide public attraction it may not be appropriate for the costs to be allocated based on the small portion of the City and Port directly served by crowd and parking control. These areas receive the services, but the costs should be borne more generally throughout the City. To promote Port properties, and because of the benefit accrued to the state (through the Port's Harbor Fund), the Harbor Fund could opt to pay a share of the costs based on the relative revenue benefits to the Port. BAE estimated the direct revenues that accrue to the City and Port from Giants' games through lease revenues from China Basin Ballpark LLC to the Port, and sales tax, admissions tax and possessory interest tax to the City. BAE then used the proportion of the direct revenue benefits to allocate a share of the costs to the Port based on its relative benefit. This analysis does not take into account the indirect tax revenue received by the City as a result of the ballpark from neighboring restaurants, bars and shops. The Port share of the total cost of FY 02-03 Giants' games (including playoffs and the World Series) using a benefits allocation methodology is $167,342 in FY 01-02 and $183,721 in FY 02-03.

Fiscal Year 2001-02	100% Sponsorship	Land-Based Method 1	Land-Based Method 2	Benefit Allocation
Police	$211,858	$38,796	$20,319	$44,403
DPT	$586,563	$114,816	$53,913	$122,938
Total 2001-02	**$798,421**	**$153,612**	**$74,232**	**$167,342**

Fiscal Year 2002-03	100% Sponsorship	Land-Based Method 1	Land-Based Method 2	Benefit Allocation
Police	$272,245	$49,854	$26,110	$56,206
DPT	$617,654	$120,902	$56,771	$127,516
Total 2002-03	**$889,899**	**$170,756**	**$82,881**	**$183,721**

Fire Department

The services provided to the Port by the Fire Department can be divided into three categories: fire safety inspections, regular fire protection service and the fireboats. The Port currently pays for a portion of the costs associated with maintaining two fireboats, the *Phoenix* and the *Guardian,* and the full cost of the Port Fire Marshall to perform fire inspections. The Port pays for no regular land-based fire protection services. This section outlines the current methods by which the Port pays the Fire Department for services, as well as two additional methodologies – the 1995 Memorandum of Understanding and a Service-Based methodology, and the legal basis for these alternative methodologies.

Background

At the time that the Port was transferred from the State to the City, the Port had its own fire department which, as described by the Transfer Agreement, "performs at its own expense some fire protection services and reimburses the City for certain other fire protection services." Soon after the transfer, the City's Fire Department took over all fire protection services for the Port, for which the Port provided reimbursement. In 1995, a Memorandum of Understanding (MOU) was created between the Port and the City regarding the transfer of the title of the fireboat *Phoenix* from the Port to the City. The Fire Department had been operating the *Phoenix* since they took over fire protection of the Port. The City already owned fireboat *Guardian* at that time, which was a gift to the City from a private citizen after the *Phoenix* saved the Marina District from burning down after the Loma Prieta earthquake in 1989.

Current Payments from Port to Fire Department

The costs billed to the Port to operate the fireboats are categorized by the Fire Department as: salaries, mandatory fringe benefits, overhead, non-personal services, materials and supplies and services of other departments. Unlike most of the City departments discussed in this report, the Fire Department does not bill against a work order with the Port. The Fire Department has a direct draw on the Port fund to reimburse itself for expenses it incurred on the Port's behalf. These costs frequently exceed approved budgeted amounts.

Fiscal Year	Port Payments
2000-01	$1,923,491
2001-02	$1,353,784
2002-03	$1,757,278

Existing Cost Allocation Methodology

Station 35 houses the two fireboats and one engine. The staffing positions at Station 35 include a pilot and engineer for the fireboats and an officer and three firefighters to work on the fireboats and on the fire engine. Each of these positions, referred to as a 96 hour/pay period positions (each pay period equals two weeks), is the equivalent to approximately 4.2 Full Time Equivalents (FTEs) due to the continuous nature of the positions. There are three officers assigned to rotate through each position and the additional 0.51 FTE of staff time is filled by temporary workers usually assigned in other areas in the City, but who have received the proper training to operate the fireboats, or by the overtime employment of the three regular officers. Due to sick time and vacations, an additional 0.7 FTE of overtime or personnel from other stations are also needed to maintain staffing levels. Current rotations for the officer position are one lieutenant and two captains. The Port pays for the salaries and fringe benefits for the nine people who work fulltime at Station 35 and is charged for the hours worked by temporary workers or overtime hours, and the full costs (salary, benefits, etc.) of the Port Fire Marshall. The Port does not pay for the salaries or benefits of the three firefighters staffed at Station 35. More details about the salaries and fringe benefits can be found in Table E-6.

Fringe benefits, which include health insurance, dental insurance, FICA, unemployment insurance, pensions, etc., are calculated to be about 15.2 percent of base salary. In addition to the salaries and benefits, the 96 hour/pay period positions also receive additional compensation referred to as "premiums." Fire Department employees in these positions receive an additional payment equal to six percent of base salary for education and training (which they earn by either having a college or advanced degree or by having worked for the department for more than ten years). They also receive a "holiday pay" premium equal to six percent of their base salary as compensation for being on-duty during holidays.

Overhead is used by the Fire Department refers to a training fee to cover expenses for the firefighters' continuous training, as well as the departmental and city-wide overhead rates calculated by the Controller. The Port is also charged on occasion for "retirement pay" for an employee of the Fire Department who was working on the fireboat at the time of retirement. This cost is not pro-rated between Port and City based on years at the fireboat or at other stations in the City. This retirement pay is a one-time payment separate from their pension. The retirement pay includes vacation balance up to 600 hours, time coming (comp time) up to 480 hours and sick pay (which is currently calculated at number of years employed multiplied by 2.5 percent, not to exceed $1,272). The Port was not charged for retirement pay during the study period.

The salary and benefits for the Port Fire Marshall are included with the salaries of the staff of the fireboats, but the Port Fire Marshall does not receive the either premium pay because his job requires only 80 hours per pay period. Unlike positions at the fireboats, the Port Fire Marshall position is just one FTE and is filled by a one captain (H-32).

Non-personal services, Materials & Supplies and Services of Other departments refer to materials or work on the fireboats. Non-personal services refers to the design work done by DPW to put the maintenance work on the fireboats out to bid (all contracted work goes through a competitive bidding process). "Materials and supplies" includes materials and supplies for the fireboats, but does not include any materials or supplies for the fire station, the fire engine or the firefighters. The Port does not pay for any fire rescue equipment or gear, *i.e.* hoses, fire protective clothing ("turn-out"), ladders, etc.

Maintenance and repair work on the fireboats is contracted through DPW. According to interviews with Fire Department staff the amount budgeted for maintenance of the fireboats each year often does not cover the total costs of all the maintenance and repairs to the boats. Money budgeted for "Materials & Supplies" or "Non-personal Services" are often used for repairs to the fireboats as well. For costs above that the Fire Department covers the balance. However, it is difficult to isolate the costs of just repairs and maintenance, because capital improvements are often done while the boats are in dry dock, and according to the existing MOU, the Port is not responsible for the cost of capital improvements to the boat.

Actual expenditures for Fire protection services billed to the Port during the three year study period were $1,923,491 in fiscal year 2000-2001, $1,353,784 in fiscal year 2001-2002, and $1,747,278 in fiscal year 2002-2003.

1995 Memorandum of Understanding

In 1995, a Memorandum of Understanding (MOU) was created between the Port and the City regarding the transfer of the title of the fireboat *Phoenix* from the Port to the City. The Fire Department had been operating the *Phoenix* since they took over fire protection of the Port. The City already owned fireboat *Guardian* at that time, which was a gift to the City after the *Phoenix* saved the Marina District from burning down after the Loma Prieta earthquake in 1989.

This MOU states that in exchange for the asset of the fireboat *Phoenix*, the City will operated the fireboats, providing fire protection services to the Port, for which the Port will continue to provide funding at the same level provided for in the Fire Department's Fiscal Year 1995-96 budget for operation and maintenance of the fireboats, with adjustments for inflation in future years. In this MOU, the Fire Department agrees to accept the *Phoenix* "as is" and is responsible for correcting any defects in the vessel. The Fire Department also assumes responsibility for contracting out for services and equipment in order to maintain and repair both fireboats. The Fire Department will assume responsibility for any and all insurance coverage and will continue to provide a qualified crew to operate the fireboats. All capital improvements, additional staff or additional services are the responsibility of the Fire Department. However, the Port will continue to provide mooring for both fireboats. The current method used by the Fire Department to allocate costs to the Port as described in previous section conflicts directly with the 1995 MOU because it tries to estimate actual costs rather than using the amount dictated by the MOU.

For the purposes of this study, BAE escalated the cost of operating the fireboat in FY 96-96 using the Bureau of Labor Statistics' Consumer Price Index for all urban consumers in the San Francisco-Oakland-San Jose area to determine the fireboat costs according to the MOU for the three study years. These costs, as shown in the table below, are lower than actual Port payments for fiscal years 2000-2001 and 2002-2003, but higher than Port payments in fiscal year 2001-2002.

Fiscal Year	Port Payments	MOU
2000-01	$1,923,491	$1,493,541
2001-02	$1,353,784	$1,573,937
2002-03	$1,757,278	$1,599,630

This MOU does not specifically discuss fire inspection services, but the cost of the salary and benefits of the Port Fire Marshall are included in the salaries and benefits in fiscal year 1995-1996 used as the base payment for the MOU. According to this MOU, the Port is not required to pay more than this escalation to the Fire Department for the Port Fire Marshall, regardless of any change in rank of the officer filling the position.

Service-Based Methodology

The Transfer Agreement and Burton Act

At the time the Port was transferred from the State to the City, the Port had its own fire department which, as described by the Transfer Agreement, "performs at its own expense some fire protection services and reimburses the City for certain other fire protection services." The

Transfer Agreement also states: "In the event additional fire protection services are required, such additional services shall not be paid for out of Harbor funds." The Transfer Agreement does allow for the City to undertake fire protection services for the Port.

As noted in the methodologies section, the Transfer Agreement is legally binding under State law and any other methodologies for determining costs must follow the guidelines set forth in that agreement. The two technical methodologies outlined in this study, the Memorandum of Understanding (MOU) and the Service-Based Allocation both follow the principles outlined in the Transfer Agreement. It is assumed that because the MOU was signed by both the City and the Port, should both parties determine another way to allocate costs of fire service, the Port and City could create a new memorandum of understanding, assuming it did not conflict with the Transfer Agreement or Public Trust doctrine. To create these alternative technical methodologies for allocating the costs between the City and the Port, BAE referenced the State Attorney General's (AG) Letter regarding the Port of San Diego and the settlement agreement regarding the Harbor District of Los Angeles. A summary of the legal constraints arising in these two situations as pertaining to fire service is outlined further in this section.

Attorney General Letter to San Diego

As noted earlier in the Methodologies section, in a letter to the Port of San Diego, the Attorney General (AG) differentiated between services that are provided only to the Port Area and those that are provided in Port and non-Port areas alike. For services provided equally to Port and non-Port areas, such as fire protection from land-base units (fire engines, ambulances), the Port only needs to pay for services on property that is not leased. Tenants leasing property on the Port remit sales, payroll, and possessory interest taxes to the City comparable to the taxes paid by businesses and industries in other parts of the City and can expect to receive a comparable level of service. The Port should only contract for services if it requires a higher level of service than typically provided in other areas of the City.

In the case of fire services for unleased tidelands, the Attorney General notes that the size of the area or its land uses may not necessarily bear any relationship to the actual services needed. As such, land does not appear to be an appropriate standard for allocation. The AG recommends the following methodologies to determine actual services provided: 1) time cards, 2) contracting for an appropriate number of officers to patrol an area, and 3) an audit of past years' service calls made to the area used for budgeting purposes and adjusted at year-end based on actual calls made. In particular, the Attorney General favored the third method, which is the alternative methodology used for this study.

If it is determined that Port activities, including private tenants, require a level of service above and beyond the standard level provided in other areas of the city, and those activities do not generate an excess of revenue from taxes to the City that compensate the City for those additional services, the City could expect additional compensation from the Port. The Port could also elect to pay for services for itself and its tenants to ensure a level of services it desires. Although revenue generated by taxes from the Port Area can be a consideration in the allocation of costs to the Port, the AG also states that the revenue and costs from a particular tenant cannot be measured against each other to compel more tax revenue from the tenant or the Port.

Land-based Fire Protection Service

Following this recommendation, BAE created a service-based methodology using data about the calls for service originating from within the Port Area. To determine the full cost of providing fire protection service to the Port, BAE allocated the Port's pro-rata portion of actual direct costs by comparing the number of incidents on Port property to the total number of incidents in the City in each year of the three year study period. An incident is the unit of measurement used for this analysis, and describes only those incidents to which the Fire Department responded.

The methodology separates the incidents to which land-based units (engines, ambulances, etc.) responded from those to which the fireboat responded. The fireboat was among the units responding to some of the incidents used for this analysis. It was not possible to determine whether both the fireboat and the land units were needed or if any of the land units were cancelled. The fireboat will sometimes assist the land-based units, for example by pumping water if there is not a hydrant close enough to the pier. As such, incidents to which both responded were included in both calculations. Only incidents to which the fireboat was the only responding unit were excluded from the land-based analysis.

To allocate the cost of services for the land-based units, the Fire Department provided BAE with a list of all of the incidents to which Fire Department engines or medical vehicles responded that occurred on and around Port property during the three years study period. Using GIS to identify the locations of the calls, BAE was able to more specifically determine the total number of incidents that occurred on Port property for each year. The Fire Department also provided BAE with the total number of incidents that occurred each year in the City. Incidents occurring within the Port Area accounted for around 0.4 – 0.5 percent of incidents in the City as a whole each year.

Many of these incidents occurred within the Port Area leased to commercial tenants who pay possessory interest and other taxes, entitling them to city services such as fire protection. According to the State Attorney General's interpretation of Public Trust doctrine, as a general city service, the Fire Department can only charge the Harbor Fund for responding to calls to unleased areas. As noted above, it is impossible to determine the exact location of calls from the database – calls could occur on leased facilities or on unleased right-of-ways, or the call could involve incidents that move between the two. As a means of estimating the percentage of calls to leased versus unleased property, BAE calculated the percentage of leased and unleased property for each police district (Method 1) and allocated that proportion of the cost to be paid by the Port. As an alternate methodology, BAE calculated the percentage of land represented by unleased Port facilities, excluding all streets, sidewalks, and right-of-ways (Method 2) and allocated that proportion of the cost to be paid by the Port. This method reflects the fact that tax paying users in other parts of the City can reasonably expect fire protection and emergency services on the sidewalks and streets in their vicinity not just protection of their property or business.

To account for the differences in leased and unleased property in different areas of the Port, the Port was divided into three districts corresponding the Central, Southern, and Bayview police districts: District A (Central), which described the most northern part of the Port from Fort Mason to Market Street; District B (Southern), which described the middle section of the

Embarcadero from Market Street to Islais Creek; and District C (Bayview) which included the Southern waterfront from Islais Creek to the bottom of the Port at Heron Head Park. Incidents were also divided into these districts and using the unique percentage of unleased land, an allocation of costs was made for each district. See Tables E-3 and E-4 for more detail about the calculations.

These allocations of incidents were then used to calculate allocations of the total costs of the Fire Department for those land-based services. The total costs used for this calculation are the total expenditures of the Fire Department excluding both the expenditures for San Francisco International Airport (SFO) and the estimated full cost of the fireboats. Expenses associated with the SFO were excluded from the analysis because services and equipment used at SFO could not also be used for the benefit of the Port. Fireboat expenses are subject to a separate analysis using the fireboat journals, which is explained in the next section, and are not included in the expenses allocated for land-based units. The Fire Department does not recover all of the costs of the fireboat; the additional costs are estimated in the fireboat section. It is the estimated full costs of the fireboat for each year which were excluded from the total costs used in the cost allocation for land-based services.

Reimbursement on a per incident basis does not separately take into account the fire inspection services needed by the Port. Fire inspections are included in the total cost of Fire services, and using this methodology it is assumed that the Port uses those services at the same rate as calls for service. If the Port requires inspection service at a higher level than it requires emergency service, which is likely to be true given the on-going construction and renovation of property within the Port, the Port could contract with the Fire Department to continue to provide a full-time Port Fire Marshall.

Fireboat Service

The Attorney General's Letter outlines a different methodology for calculating the costs of fireboat protection. The fireboat is described as a Special Service provided only to Port Areas, and, as such, the Attorney General approved of the San Diego Harbor paying for the salaries, fringe benefits, and overhead for firefighters, plus the actual cost of parts, equipment and labor incurred by the City in maintaining the fire and crash equipment. If this methodology were used in San Francisco, the Port would pay the Fire Department for the full cost of the budget items currently used, in addition to the full cost of the fire rescue equipment used on the fireboats, a portion of the salaries of the three firefighting positions who staff the boat (and the engine at Station 35), as well as any other costs associated with the fireboat that are not currently being reimbursed.

A similar arrangement regarding the fireboat costs were made in Los Angeles as part of a settlement agreement reached in 2000. According to this agreement, the City of Los Angeles is allowed to reimburse itself from Trust funds for 100 percent of the cost related to providing fireboats for the Harbor District. The report commissioned by the City explained that the number of calls the fireboat(s) made outside of the Harbor District was negligible, one every two months on average, and that there was reason to believe that the Harbor benefited from mutual aid

provided to the Harbor by other jurisdictions. Consequently, the City did not need to contribute to paying for the costs of the fireboat(s).

The reasoning behind the full allocation of fireboat costs to Trust funds used by the Attorney General in San Diego and in the settlement in Los Angeles assumes that the fireboat exclusively or primarily serves Trust land. This is not the case in San Francisco. Unlike Los Angeles and San Diego, the Port of San Francisco is not isolated from the City of San Francisco. Not only do the fireboats provide regular fire protection services to the City, including assisting in putting out the Haslett Warehouse fire and grass fires at Hunter's Point, they are an important part of the City emergency response program and were essential in putting out the Marina District fire after the Loma Prieta earthquake in 1989.

The AG letters and the Los Angeles settlement suggest that an audit of the number of fireboat calls made from outside the Port Area should be conducted to investigate the appropriateness of the Port paying 100 percent of the cost of the boats. The use of the fireboat *Phoenix* for the benefit of the Port or the benefit of the City has been calculated for the three study years based on the fireboat pilots' journals detailing the daily activities of the boat and the total time for each activity. These journals kept by the fireboat pilots give a record of each time the fireboat was taken out, the destination to which the fireboat was headed, the purpose for the trip and the total time the boat was out. From these journals it is clear that although the majority of calls for the fireboat are generated from within the Port Area (including waters off of the Port), the City also receives enough services from the fireboat to warrant an allocation of costs between the City and the Port.

As part of this alternative methodology, the activities of the fireboats were examined to estimate the benefit and use of the fireboat by the Port and the City. Continuing with the service-based methodology, the allocation of costs of the fireboats were calculated using the percentage of total emergency calls the fireboats responded to within the Port Area compared to calls to City or privately owned property. These emergency calls were taken from the journals of the fireboat pilots who record all of the activities of the fire boat and the total time the boat was out. Using the descriptions of the activities listed in the journals, BAE categorized each activity as a benefit to either the Port or City or going to a location on either Port or City property. Calls for maintenance, mutual aid calls, and other activities that could not be categorized correctly were excluded from the analysis. Although using the total time the fireboat was in use could have been a more accurate unit of analysis because it would reflect the seriousness of each call, the ratio of incidents benefiting the Port or City was used to correspond with the ratio of incidents benefiting the Port or City used in analyzing the land-based services.

While emergency calls account for a large portion of the fireboat activities, the fireboat is also used for other activities, such as taking visiting fire departments or other guests of the city or fire department on tours of the bay. These activities are secondary to its purpose of being ready to respond in the case of an emergency. There were several examples of the fireboat ending a non-essential activity to respond to any emergency situation in journals. Because it is the emergency calls that create the need for a fireboat and therefore maintenance and staff time, which account

for the bulk of its expense, only emergency calls were used as the basis for this analysis. Fireboat activities to patrol the Port Area for potential fire hazards were also not included in this analysis.

Due to the limited nature of the journal descriptions, some assumptions had to be made regarding the purpose and destination of the fireboats. Port Emergency Calls were defined as calls that list as the destination a pier or another location known to be within the Port Area, including call boxes located within the Port. It was not clear from the information provided in the fireboat journals whether incidents which occurred outside the Port Area near to the waterfront were routed to Port call boxes and therefore should be counted as time spent for City or whether incidents which occurred in the Port were routed to City call boxes. One noted exception is call box 1616, which is at Hyde and Jefferson streets. This intersection is mostly leased facilities within the Port Area and has been counted with Port calls. Calls originating at street intersections on within the Port Area were also counted as Port calls. Emergency calls involving Port tenants were also counted with Port calls. The intermingling of Port and private property in areas requiring high level of service, particularly the Fisherman's Wharf area further limits the accuracy to which calls can be separated into Port and non-Port, and casts doubt on the usefulness of the distinction.

Calls that were attributed to the City were emergency calls on waterfront areas that are not part of the Port, such as at Marina Green, Fort Mason, Candlestick Point and Treasure Island or call boxes not on Port property. As with the Port calls, calls from calls boxes off Port property were attributed to the City, regardless of the possibility that the incident might have occurred on Port property. One exception to this is Box 1616 as noted above. There were very few responses by the fireboat to call boxes other than those on Port property.

Many of the calls to Port property were in response to incidents in the water, such as people or property needing to be rescued. A few "bay rescue" calls to Candlestick Point or Marina Green were allocated to City Emergency Calls. These "bay rescues" were included in either the Port or City's emergency calls based on the location of the call box, because it was it not possible to know from the database from where these people or boats entered the water. In addition, a question can be raised about whether boat owners or marina owners already pay for the service through taxes and fees.

Once the percentage of fireboat calls to the Port Area had been determined, BAE used the Port's percentage of emergency calls to estimate the Port's allocation of the full cost of the fireboat. As mentioned earlier, the costs of operating the fireboats exceed the expenditures of the Port for the fireboats. To estimate the total costs, BAE allocated a share of the full costs of the three firefighters staffed at Station 35 who staff the fireboat, including salaries, benefits and overhead. For the purpose of estimating, the firefighters were assumed to be firefighter H-2 at 5th year pay level. The cost of the firefighters was allocated using the percentage of calls to the fireboats compared to the number of calls to the engine at Station 35, about 20 percent. The actual cost of fuel for the fireboats provided by the Fire Department was also included in the full cost estimate. The estimated costs of operating the fireboats during the study period are presented in the table below.

Fiscal Year	Port Payments	Estimated Fireboat Costs
2000-01	$1,923,491	$2,153,688
2001-02	$1,353,784	$1,588,723
2002-03	$1,757,278	$2,018,226

This methodology does not take into account the value of the fireboat as an asset that was transferred from the Harbor Fund to the City. This methodology assumes the Port should pay the full cost associated with providing service based on the number of calls are generated on Port property. If a new memorandum of understanding is created using this methodology, it should include compensation for the Port for the value of the fireboat.

Fire Station Leases

The Port does not charge the Fire Department for its use of Pier 22 ½ and Station 35, where the fireboats are docked, or for Station 25 on 3rd Street, which is also located on Port property. An estimate of the potential lease payment for 2002-2003 (shown on Table E-11), based on the square footages and comparable lease rates for space on the Port, is $230,201 annually. The lease rates estimated by Port Real Estate staff did not vary substantially in 2000-2001 or 2001-2002. Based on the Transfer Agreement and Public Trust doctrine, the City is required to reimburse the Port for the use of Port property. The 1995 MOU stated that the Port would continue to provide mooring for the fireboat. The MOU does not specify that the Port would also provide a full fire station on Port property adjacent to the fireboat or space for an additional fire station at a separate location.

Payment for previous years should not be remitted to the Port until the Port and City come to agreement on the method of payment for future fire services to the Port. If the MOU is kept in place, the City and the Port could enter a lease agreement for an appropriate portion of Station 35. If the City and Port enter into a new agreement, consideration should be made for the value of the property currently used by the Fire Department. The Port should conduct a new appraisal of both properties to determine the actual value and appropriate lease payments from the Fire Department.

Balance of Payments

The following table presents the balance of payments owed by the Port to the City for fire service under the two alternative methodologies for FY 01-02 and FY 02-03.

Fiscal Year	Actual Port Expenditures	MOU	Service-Based Allocation Method 1	Service Based Allocation Method 2
2000-2001	$1,923,491	$1,493,541	$2,061,849	$1,842,666
2001-2002	$1,353,784	$1,573,937	$1,575,935	$1,380,182
2002-2003	$1,757,278	$1,599,630	$1,915,064	$1,712,909

PORT OF SAN FRANCISCO

MEMORANDUM

November 12, 2003

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Kimberly Brandon, Vice President
Hon. Michela Alioto-Pier
Hon. Sue Bierman
Hon. Wilfred Hsu

FROM: Douglas F. Wong
Executive Director For Doug Wong

SUBJECT: Request for Authorization to Award Contract No. 2680 for Design-Build Services for the Illinois Street Intermodal Bridge to Shimmick Construction Company, Inc.

DIRECTOR'S RECOMMENDATION: AUTHORIZE STAFF TO AWARD CONTRACT NO. 2680, "ILLINOIS STREET INTERMODAL BRIDGE DESIGN BUILD," TO SHIMMICK CONSTRUCTION COMPANY, AS THE LOWEST RESPONSIVE AND RESPONSIBLE BIDDER.

SUMMARY

On December 11, 2002, the Commission authorized Staff (through Resolution No. 02-61) to advertise to secure design-build services to design and construct the Illinois Street Intermodal Bridge (Bridge) over Islais Creek. The Bridge project will provide direct freight rail service to the Pier 80 Omni cargo terminal, and will also provide for vehicle, bicycle and pedestrian access. The project includes construction of bridge approaches on the north and south banks of Islais Creek. Thereafter, at the May 27, 2003 Commission meeting, Staff provided a status update on the three-phase contractor selection process that was underway. Bids have been received from two prequalified teams with prequalified designs and now the selection process is complete. Staff requests Commission authorization to award Contract No. 2680, "Illinois Street Intermodal Bridge Design Build," for design-build services to Shimmick Construction Company, Inc., the lowest responsive and responsible bidder.

BACKGROUND

The Bridge will be constructed across Islais Creek one block east of the existing Levon Hagoop Nishkian drawbridge on Third Street. The Bride will extend Illinois Street from the north side of the Creek, adjacent to the Pier 80 Omni cargo terminal, to Pier 90 on the south side of the Creek. This new Bridge will provide efficient, direct freight rail access, that is currently lacking, to the Pier 80 cargo terminal, as well as provide an intra-terminal transportation connection to the

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southern cargo terminals at Piers 90-92 and 94-96, south of the Creek. The Bridge design also provides for bicycle and pedestrian access across it.

SELECTION PROCESS

The selection process for this contract involved three phases. **Phase 1: Team Prequalification** resulted from the Request for Qualifications (RFQ) where Staff identified prequalified teams who were allowed to proceed to Phase 2. **Phase 2: Design Prequalification** involved the Request for Proposals (RFP) where Staff evaluated each team's proposal and negotiated the necessary elements of the Bridge design and construction. Staff then invited those prequalified teams with prequalified designs to proceed with bidding. **Phase 3: Bidding**, is the current phase in which each team has recently submitted a sealed bid on its own design for Staff review and, consideration for, contract award. Table 1 summarizes the selection process and timeline, while Table 2 summarizes the teams involved and their status through each phase of the selection process.

TABLE 1
Selection Process Activity and Timeline

Activity	Date
Commission Authorization to Advertise (Resolution No. 02-61)	December 11, 2002
Advertise RFQ	April 2, 2003
Orientation Meeting	April 15, 2003
Deadline to Submit Response	May 13, 2003
Evaluate Responses	May 14 through May 27, 2003
Commission Update on Selection Process	May 27, 2003
Issue Prequalification Status	May 29, 2003
Issue RFP	June 10, 2003
Prequalified Team Conference	June 19, 2003
Prequalified Teams Submit 30% Designs	August 6, 2003
Design Review	August 7 through October 3, 2003
Design Check and Confirmation	October 6 through October 19, 2003
Prequalify Designs	October 19, 2003
Issue Invitation for Bids	October 20, 2003
Pre-Bid Meeting	October 31, 2003
Receive and Open Bids	November 10, 2003

TABLE 2
Selection Process Activity and Timeline

Team	Phase 1 Team Prequalified?	Phase 2 Design Prequalified?	Phase 3 Bid Submitted?
Manson Construction Company -- Ben C. Gerwick Inc.	Yes	Yes	Yes
Modern Continental Construction -- Hardesty & Hanover, LLP	Yes	Withdrew from process	NA
Miller Thompson – Winzler & Kelly	No	NA	NA
Mitchell Engineering/Obayashi Corporation, JV – HNTB	No	NA	NA
Schimmick Construction Company, Inc. -- Creegan + D'Angelo	Yes	Yes	Yes

NA = Not applicable

In summary, only two design-build teams emerged from Phase 2: Design Prequalification to submit a final bid. These teams are:

- Manson Construction Company -- Ben C. Gerwick Inc.
- Schimmick Construction Company, Inc. -- Creegan + D'Angelo

SCOPE OF WORK

Due to the complex funding for this project and an existing budget short-fall, this contract has been structured to allow for the design and construction to be completed in a phased manner to match available funds. As described below, there is a base bid and five additive alternates under this contract. Refer to Exhibit A for a graphical depiction of the Work covered under each item.

Base Bid

- Phase I – Design and Permits: This phase involves the complete design of the Bridge and its approaches, and securing necessary permits
- Phase II – Construction: This phase involves construction of only the Bridge Span (without either the southern or northern approach).

Alternates

- Alternate 1: Construct the southern approach to the Bridge, integrated into the Work performed under the Base Bid.
- Alternate 2: Construct the northern approach to the Bridge, integrated into the Work performed under the Base Bid .
- Alternate 3: Construct the freight rail spur track from the Bridge into Pier 80, integrated into the Work performed under the Base Bid . Remove existing freight rail spur track, eliminate rail switch installed under Alternate 2, and construct street improvements integrated into Work performed under Alternate 2.
- Alternate 4: Construct 8-ft shared pedestrian/bicycle path on the Bridge, integrated into the Work performed under the Base Bid.
- Alternate 5: Construct 4-ft bicycle path on the Bridge, integrated into the Work performed under the Base Bid.

Initially, this contract will be certified only for work under Phase I – Design and Permits. Once Staff approves the design and all necessary permits have been obtained, the contract will be certified for Phase II – Construction (and all Alternates awarded) to match available funds. Staff anticipates that Phase II (and all Alternates awarded) to start no later than 8 months after the date bids were received (November 10, 2003), during which time the design-builder will honor its bid price. After this 8-month period, the bid prices may be subject to escalation of direct costs.

SUMMARY OF BIDS

The Engineer's estimate for this project is $16.6 million. Funding currently available for this project is $13.2 million. The Human Rights Commission (HRC) established the following goals for this project:

- Subconsulting: 11% MBE and 5% WBE for the Phase I Lump Sum amount of the Total Bid Price.
- Subcontracting: 13.5% combined MBE and WBE goal (i.e., the goal can be satisfied with 13.5% MBE, 13.5%WBE, or any combination of MBE and WBE participation that totals 13.5%) for the Phase II Lump Sum amount of the Total Bid Price.

The Engineering and HRC Staff reviewed the bids and determined that Shimmick Construction Company, Inc. is the lowest responsive, responsible bidder with a Total Bid Price of $13.21 million. Shimmick's bid includes 11.14% combined MBE and WBE for Phase II subcontracting and they have demonstrated good faith efforts. A summary of the bids is attached as Exhibit B.

FUNDING

This project will be funded as indicated:

Source of Funding	Available Amount	Limitations on Funding
Port Capital 2001-2002	$1,200,000	$2.2M was authorized; $1M already spent on pre-design work and road construction
Municipal Transportation Agency (via lease payments for the Western Pacific site)	$4,000,000	Funds must be expended by January 25, 2004, otherwise it must be returned; a 2-year extension may be granted
Catellus Development Corporation	$4,300,000	Project must be underway by December 2, 2003 or funding is forfeited, and is subject to further conditions (receipt of all permits) before payment can occur
Norcal	$1,000,000	Lease required infrastructure fee
Bode Gravel	$209,358	Lease required infrastructure fee
Pacific Cement	$247,485	Lease required infrastructure fee
Hanson	$243,673	Lease required infrastructure fee
Proposition K, SF County Transportation Authority	$2,000,000	Subject to election certification and availability for expenditure
Total Secure Funding	$13,200,516	
Short-Fall	$4,384,484	To complete all Alternates

With current funding, there is a budget short-fall of approximately $4.4 million to complete Alternates 1 through 5 under this Contract. There are other elements that are being design and construction elements to be completed by other City agencies and contractors that are not included in this short-fall amount. When Staff requested Commission authorization to advertise, Staff advised at that time that the short-fall was approximately $2 million, and that Staff was pursuing additional funding. The short-fall back then was largely the result of a bridge design change that resulted from discussions with permitting agencies and the community. Since December 2002, Staff has secured an additional $2 million short-fall to cure the short-fall, but new additional public access improvements (bicycle *and* pedestrian access over the bridge) have been added to this project as permit conditions. Consequently, the budget short-fall has re-emerged at a higher level.

In view of the budget short-fall, this contract is structured so that the unfunded scope of work can be phased into this contract should funding become available in the near future. Port Staff continues to work toward securing additional funds from alternative sources with the intent to award the remaining additive bid items to the low bidder, Shimmick Construction Company, Inc.

RECOMMENDATION

Staff recommends that the Commission authorize the award of Contract No. 2680 to Shimmick Construction Company, Inc.:

- For all work under Phase I – Design and Permits Work, for a lump sum, not to exceed 15% of the Phase II amount: $1,715,000.
- For all work under Phase II – Construction Work, a lump sum, not to exceed: $11,495,000.
- For a 10% Contingeny, not to exceed 10% of the combined Phase I and Phase II amount: $1,321,000.

Staff also recommends that the Commission authorize the Executive Director to accept the work once it is complete.

Prepared by: Kathy Nakazawa, Project Manager, for
Nieret Mizushima, Chief Harbor
Engineer

PORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 03-70

WHEREAS, on December 11, 2002, the Port Commission, through Resolution No. 02-61, authorized Staff to advertise to secure design-build services to design and construct the Illinois Street Intermodal Bridge, Contract No. 2680; and

WHEREAS, Port Staff issued its Request for Qualifications on April 2, 2003, received five responses on May 13, 2003, among which, Staff prequalified three of the respondents on May 28, 2003; and

WHEREAS, on June 10, 2003, Port Staff issued a Request for Proposals to the three prequalified respondents, two of whom submitted design proposals that were deemed prequalified on October 19, 2003; and

WHEREAS, on October 20, 2003, Port Staff issued an Invitation to Bid to the two prequalified candidates with prequalified designs, and Staff received bids from both candidates on November 10, 2003; and

WHEREAS, the Port Staff and the Human Rights Commission Staff have reviewed the bids and determined that Shimmick Construction Company, Inc., one of the prequalified candidates, has submitted the lowest responsive, responsible bid for the Contract; and

WHEREAS, Shimmick Construction Company, Inc.'s Base Bid price is $1,715,000 for Phase I, $11,495,000 for Phase II, and the Human Rights Commission Staff has determined that its bid satisfies the requirements for good faith efforts to achieve the MBE/WBE subcontracting goals for this Contract; and

WHEREAS, The project cost will be funded from Port capital funds for fiscal year 2001-2002, Municipal Transportation Agency, Catellus Development Corporation, various Port tenants through an required lease infrastructure fee, and Proposition K; and

WHEREAS, the limited funds currently available to the Port allow award of the Contract to the low bidder for only the Base Bid items, Phases I and II, as described in the Staff memorandum accompanying this resolution and the Contract bid documents; and

WHEREAS, Port Staff will endeavor to securing additional funds with the intent to modify the Contract with Shimmick Construction Company to include Alternate Bid Items 1 through 5, for which no current funding exists; now therefore be it,

RESOLVED, the Port Commission hereby authorizes Port Staff to award Contract No. 2680, "Illinois Street Intermodal Bridge Design-Build" for design-build services to the lowest responsible responsive bidder, Shimmick Construction Company, Inc., for the amount not to exceed $13,210,000 and 10% Contingeny, not to exceed $1,321,000; and be it further

RESOLVED, that the Port Commission hereby authorizes the Executive Director to accept the work once it is complete.

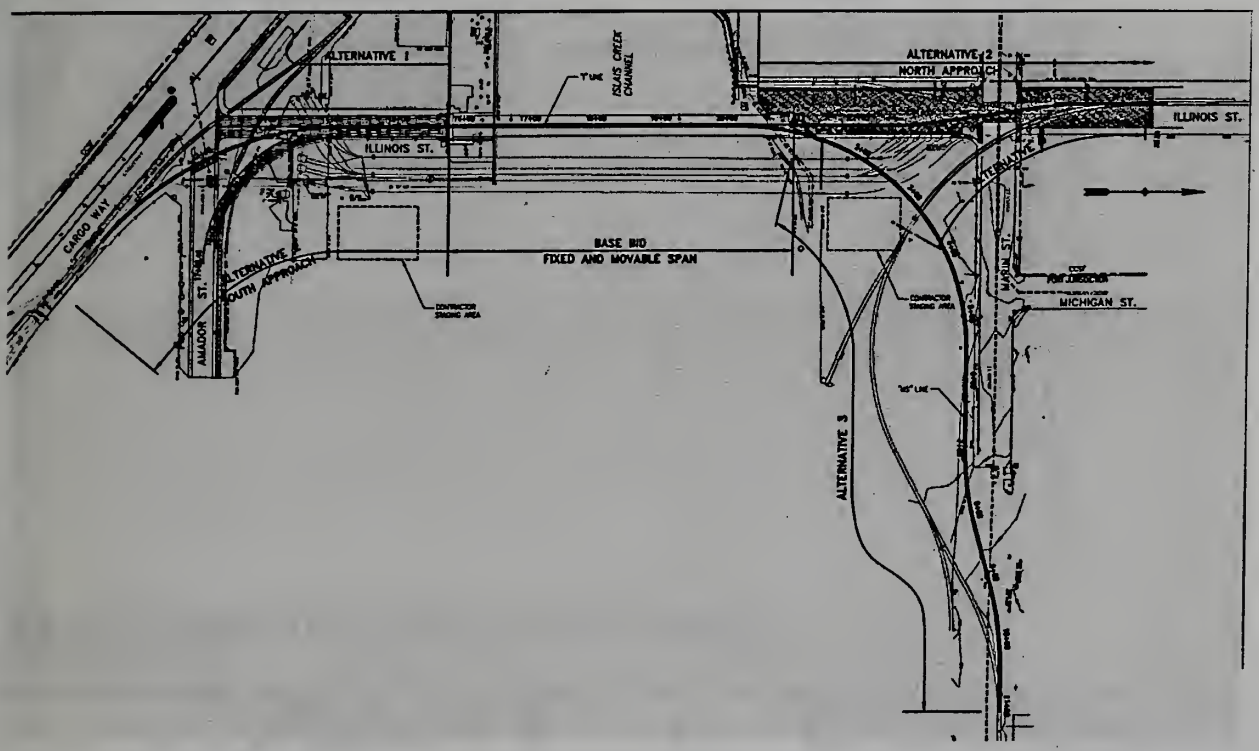
I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of November 18, 2003.

_____

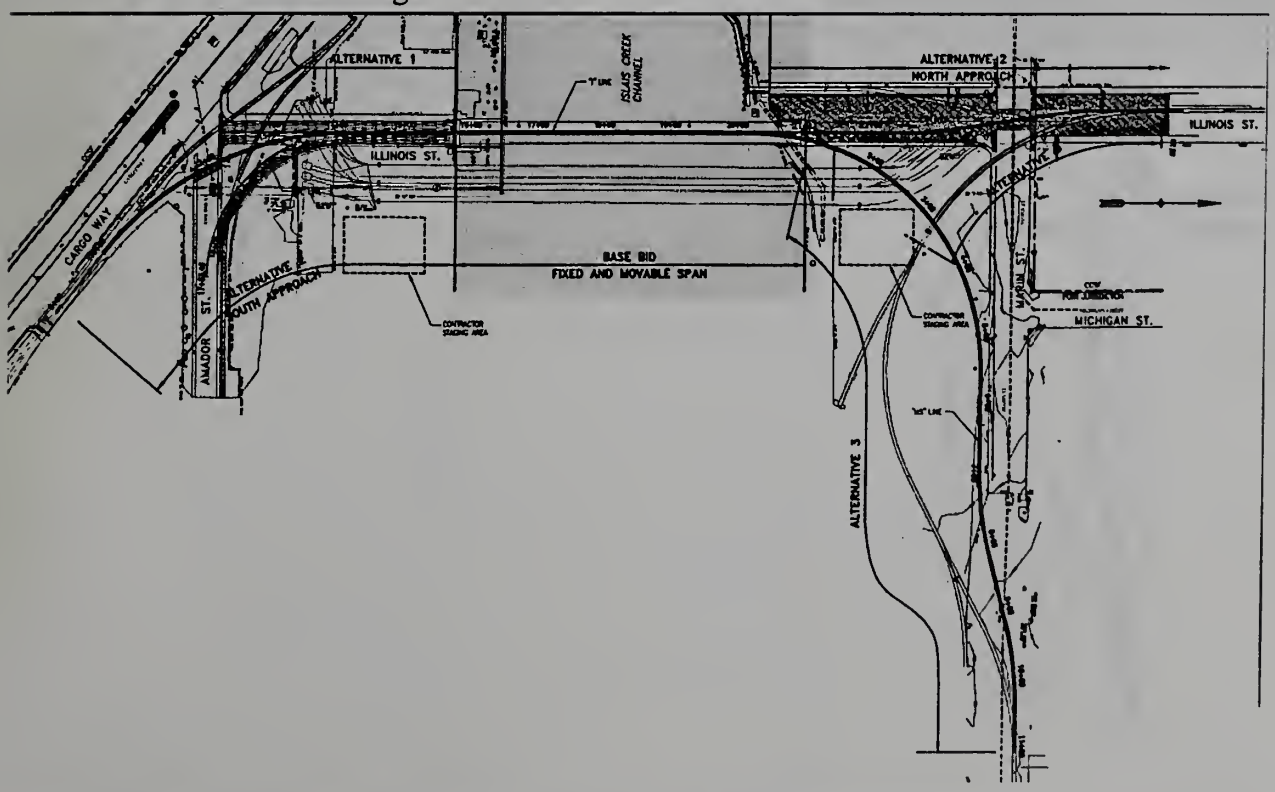
Secretary

Exhibit A
Graphical Depiction of Work Covered Under Base Bid and Alternates

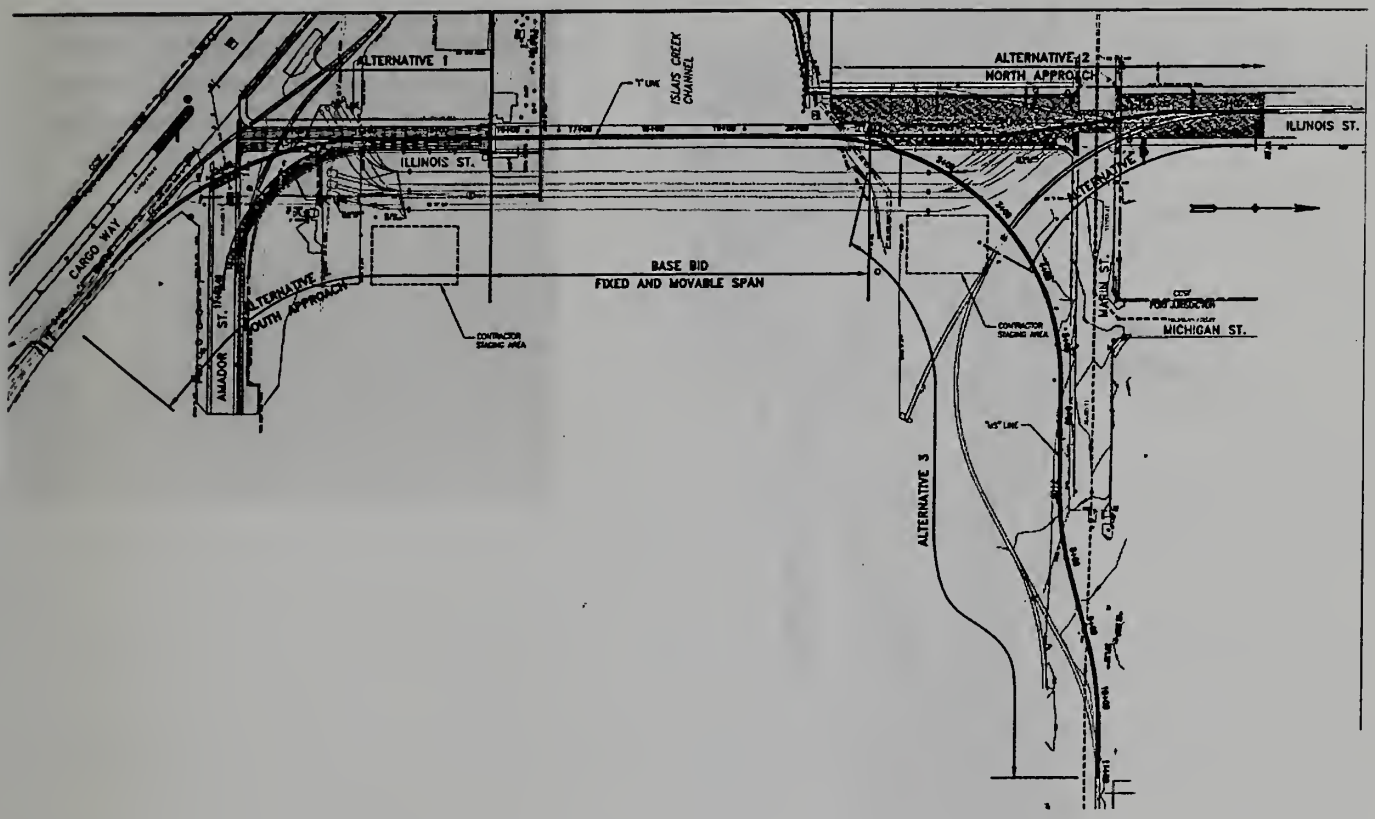
Work covered under each phase or alternate is shaded.
Phase I – Design and Permits: Completed design of the bridge and approaches and securing necessary permits.



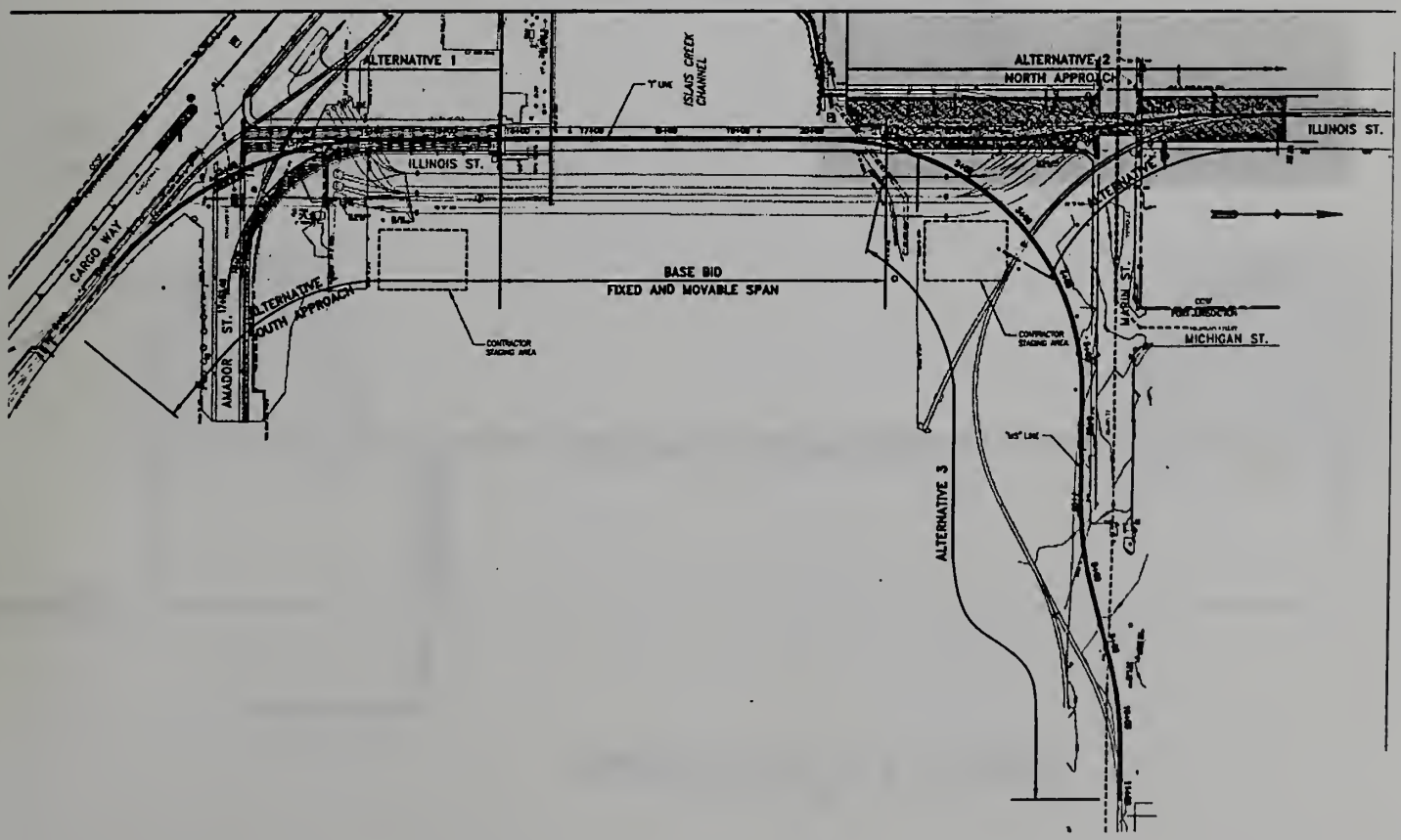
Phase II – Construct the Bridge.



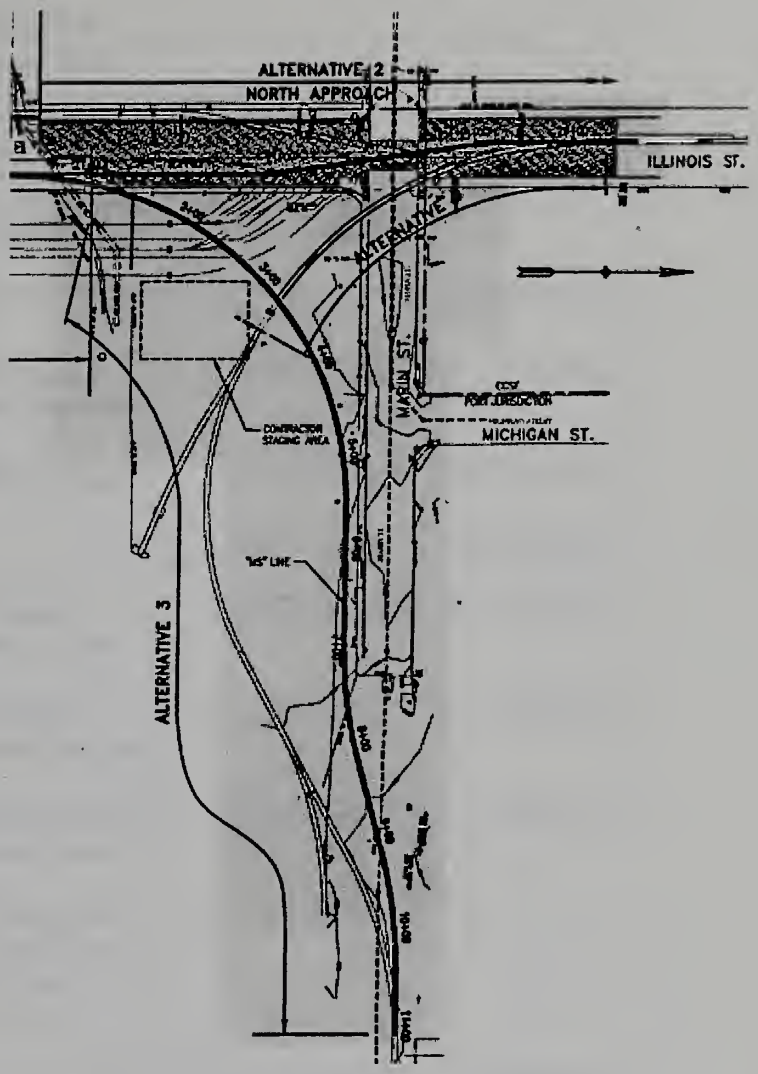
Alternate 1: Construct the southern approach to the Bridge.



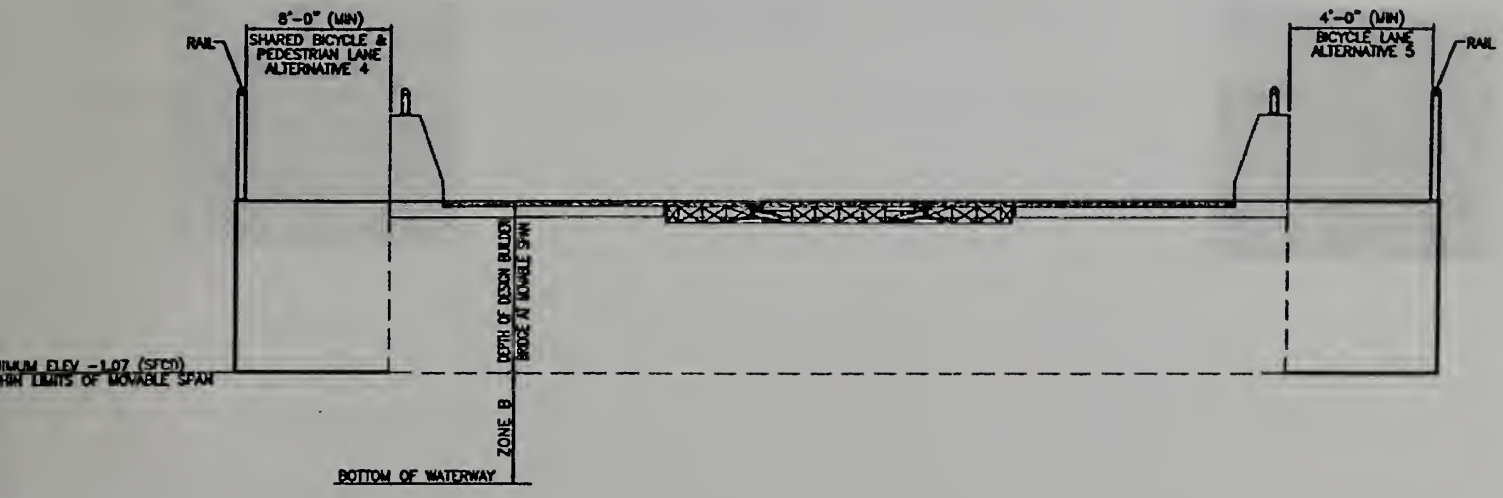
Alternate 2: Construct the northern approach to the Bridge.



Alternate 3: Construct freight rail spur track from the Bridge to Pier 80, remove existing spur track, eliminate rail switch (Alternate 2) and construct street improvements.



Alternate 4: Construct 8-ft shared bike/pedestrian path on Bridge.
Alternate 5: Construct 4-ft bike path on Bridge.



BRIDGE SPAN ALT 4 & 5 SECTION
NTS

EXHIBIT B			
Contract 2680			
Illinois Street Intermodal Bridge Design Build			
Bid Summary Comparison			
	Bid Opening Date:	11/10/03	
	Engineers Estimate:	$ 16,600,000.00	
	Available Funds:	$ 13,200,000.00	
Bid Item	*Description*	*Manson/Gerwick*	*Shimmick/ C+D*
Phase I	Lump Sum: Complete Design of the Bridge and Approaches as set forth in the Contract Documents and Securing Necessary Permits	$ 3,197,202.00	$ 1,715,000.00
Phase II	Lump Sum: Construction of the Bridge Span Only	$ 21,315,350.00	$ 11,495,000.00
	TOTAL BID PRICE (BASE BID)	$ 24,512,552.00	$ 13,210,000.00
Alternate 1	Construct the southern approach to the bridge, integrated into the Work performed under the Base Bid. ADD Lump Sum:	$ 1,408,642.00	$ 2,100,000.00
Alternate 2	Construct the northern approach to the bridge, integrated into the Work performed under Base Bid. ADD Lump Sum:	$ 1,479,588.00	$ 1,500,000.00
Alternate 3	Construct freight rail spur track from the bridge into Pier 80, integrated into the Work performed under Base Bid. ADD Lump Sum:	$ 1,098,409.00	$ 330,000.00
	Remove existing freight rail spur track, eliminate rail switch installed under Alternate 2, and construct street improvements integrated into the Work performed under Alternate 2. DEDUCT Lump Sum:	$ (44,682.00)	$ -
Alternate 4	Construct 8-ft shared pedestrian/bicycle path on the bridge, integrated into the Work performed under the Base Bid. ADD Lump Sum:	$ 576,442.00	$ 290,000.00
Alternate 5	Construct 4-ft bicycle path on the bridge, integrated into the Work performed under the Base Bid. ADD Lump Sum:	$ 345,481.00	$ 155,000.00

SAN FRANCISCO
PORT COMMISSION

NOVEMBER 18, 2003
MINUTES OF THE MEETING

DOCUMENTS DEPT.

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MEMBERS, PORT COMMISSION

HON. MICHAEL HARDEMAN, PRESIDENT
HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. MICHELA ALIOTO-PIER
HON. SUE BIERMAN
HON. WILFRED HSU

DOUGLAS F. WONG, EXECUTIVE DIRECTOR

CITY & COUNTY OFSAN FRANCISCO
PORT COMMISSION

MINUTES OF THE MEETING
NOVEMBER 18, 2003

1. ROLL CALL

Commission President Michael Hardeman called the meeting to order at 3:10 p.m. The following Commissioners were present: Michael Hardeman, Kimberly Brandon, Michela Alioto-Pier, and Sue Bierman. Commissioner Wilfred Hsu was not present.

2. NEW BUSINESS/PUBLIC COMMENT

3. EXECUTIVE SESSION

ACTION: Commissioner Brandon moved approval; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor.

At 3:10 p.m., the Commission withdrew to executive session to discuss the following:

CLOSED SESSION

(1) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTER (Discussion Item)

a. Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (1 case) (As Defendant)

4. RECONVENE IN OPEN SESSION

At 3:55 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Brandon moved approval to adjourn executive session and reconvene in open session; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval to not disclose any information discussed in executive session; Commissioner Alioto Pier seconded the motion. All of the Commissioners were in favor.

5. APPROVAL OF MINUTES - October 28, 2003 Regular Meeting

Commissioner Hardeman made a correction on page 9 of the minutes – the address should have been 35th and Anza, not 15th and Anza.

ACTION: Commissioner Brandon moved approval of the minutes as amended; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor. The minutes of the October 28, 2003 meeting were adopted.

6. EXECUTIVE

A. Executive Director's Report:

Mr. Wong invited the Commission to the Port's annual Thanksgiving luncheon on Friday, November 21 at 11:30 a.m. at Pier 1.

Mr. Wong reported the following:

- Groundbreaking Ceremony for Piers 1-½, 3 and 5 Rehabilitation Project: On Thursday, November 20, the Mayor, the Port and the San Francisco Waterfront Partners, LLC will celebrate the commencement of the historic preservation project at Piers 1-½, 3 and 5. Piers 1-½, 3 and 5 have been placed on the National Register of Historic Places and will be rehabilitated in accordance with very strict standards declared by the Secretary of the Interior. The $44 million project will include new restaurants, office space, public access, boat docks and a water taxi landing. The ceremony will begin at 4:15 p.m., with the unveiling of the new signage at Pier 1-½.

- Acknowledgement for Nita Mizushima. Mr. Wong indicated that Nita Mizushima, the Chief Harbor Engineer, has been an unbelievable addition to the Port. She was the first female chief harbor engineer at the Port. She was embraced not only by the entire community but also from bay area ports and the nation. She has also been recognized by different agencies. Nita joined the Port at a very important time when there is so much to do on the waterfront. Port staff is sad to see her leave as she has been an important part of the Port family.

  Alex Lee, Director of Engineering and Maintenance, indicated that Nita has been an unbelievable employee and a great contributor to the Port. It's indeed a sad day for the Port.

  Commissioner Hardeman read the proclamation of appreciation for Nita Mizushima into the record and thanked her for her service to the Port.

  Ms. Mizushima thanked Commissioner Hardeman for the proclamation and recognition. She appreciated the chance to work with the Port, the Commission, and the community. It has been an amazing journey and a wonderful experience. She's sad to leave the Port. The Port has a staff of very talented people. A lot of challenges lie ahead as well as opportunities. Now that her husband is the director of the Waterfront Transit Authority, she is taking the opportunity to take care of her family. She thanked the Commission and staff for the recognition.

7. ADMINISTRATIVE SERVICES

A. Request for authorization to expend $2 million in Port funds appropriated in Fiscal Year

2002/2003 to reimburse the General Fund for City Services received in Fiscal Years 2000/2001, 2001/2002 and 2002/2003, based on preliminary findings of the Nexus Study. (Resolution No. 03-69)

Mr. Joel Robinson, Director of Administrative Services, indicated that the Commission approved the FY 2002/2003 operating budget in September 2002 which included $2 million as a proposed estimate to reimburse the City's General Fund for services provided to the Port. With the approval of the operating budget, the Commission directed the Executive Director to seek Commission authorization and provide documentation from the Nexus Study prior to any expenditure from the $2 million amount budgeted for that purpose. The preliminary estimates from the Nexus Study were attached to the Commission packets. He requested the Commission's approval of the preliminary figures and the $2 million transfer to the General Fund for the 02/03 budget year.

Commissioner Hardeman remarked that staff put together a tremendous packet of information and thanked them for the time and effort spent on this item.

Mr. Robinson thanked the Bay Area Economics Consulting team for their excellent job on the preliminary findings of the Nexus Study. Port staff looks forward, with great anticipation, to the final results of the Study which should be done by the end of this calendar year.

ACTION: Commissioner Brandon moved approval; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor; Resolution No. 03-69 was adopted.

8. ENGINEERING & MAINTENACE

A. Request for authorization to award Contract No. 2680 for Design-Build Services for the Illinois Street Intermodal Bridge to Shimmick Construction Company, Inc. (Resolution No. 03-70)

Ms. Kathy Nakazawa, Project Manager, indicated that the Commission authorized staff in December 11, 2002 to advertise and secure the services of a Design-Build firm to design and construct the Illinois Street Bridge. The Commission also adopted the findings pursuant to CEQA requirements with regard to all of the environmental impact information and mitigation measures related to the project. On May 27, 2003, staff provided a status report on the three-phase contractor selection process. The selection process has been completed. Staff received bids from two teams. The two teams have been pre-qualified. Their designs were also pre-qualified. She requested Commission's approval to award Contract No. 2680 for Design-Build Services for the Illinois Street Intermodal Bridge to Shimmick Construction Co., the lowest, responsive and responsible bidder.

Commissioner Hardeman remarked that staff put together an excellent packet of information and the Commission did a lot of studying.

ACTION: Commissioner Brandon moved approval; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor; Resolution No. 03-70 was adopted.

The Commission Secretary announced that Item 10B(1) was taken off the calendar.

Commissioner Hardeman clarified that the item was not placed on the calendar to terminate the director of the Port. The language, "Public Employee Performance Evaluation" is used whenever there is a discussion or information to be discussed about any person; in this instance, the executive director. The Commission has no intent to terminate the executive director.

Commissioner Bierman remarked that the rumor was shocking and she hopes that the Commission President will get to the bottom of it.

Commissioner Hardeman indicated that he received numerous inquiries and communication from the public that the executive director is being terminated. He had to make the announcement in order to dispel any rumors that the Commission is terminating the director. He reiterated that it was not the Commission's intention to terminate the executive director and the executive director is aware of it. He apologized for the confusion.

Commissioner Bierman hoped that somebody gets to the bottom of this and somebody gets chastised for it.

9. NEW BUSINESS/PUBLIC COMMENT

10. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Brandon moved approval; Commissioner Alioto-Pier seconded the motion. All of the Commissioners were in favor.

At 4:15 p.m., the Commission withdrew to executive session to discuss the following:

B. CLOSED SESSION

(1) Pursuant to Government Code Section 54957, Public Employee Performance Evaluation, Executive Director, Douglas Wong. **THIS ITEM WAS TAKEN OFF THE CALENDAR.**

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTERS (Discussion Items)

a. Discuss significant exposure to litigation pursuant to subdivision (b) of California Government Code Section 54956.9 (3 cases) (2 cases as Defendant) (1 case as Plaintiff)

(3) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – This is specifically

authorized under California Government Code Section 54956.8.
This session is closed to any non-City/Port representative. *

a. Property: 10 Lombard Street (Roundhouse)
Person Negotiating: Port: Ken Winters, Director of Real Estate
*Prospective Bidders

b. Property: Foreign Trade Zone Piers 19/23
Person Negotiating: Port: Peter Dailey, Maritime Director
*Big C Traders: Raymond Lynch

11. RECONVENE IN OPEN SESSION

At 5:13 p.m., the Commission withdrew from executive session and reconvened in open session.

ACTION: Commissioner Brandon moved approval to adjourn executive session and reconvene in open session; Commissioner Bierman seconded the motion. All of the Commissioners were in favor.

ACTION: Commissioner Brandon moved approval to not disclose any information discussed in executive session; Commissioner Bierman seconded the motion. All of the Commissioners were in favor.

12. ADJOURNMENT

ACTION: Commissioner Brandon moved approval to adjourn the meeting. Commissioner Bierman seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 5:15 p.m.